CREDITS, EXEMPTIONS, EXCLUSIONS, & DEDUCTIONS

for Individual and Corporation Income Tax, Corporation Franchise Tax, Inheritance Tax, and Gift Tax

This publication contains information regarding selected statutes related to tax credits, exemptions, exclusions, and deductions amended or enacted through the 2007 Regular Session of the Louisiana Legislature. This document is published as a convenience to provide tax information under the authority of RS 47:1509. It is not the official source of the Louisiana Revised Statutes.

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* *Tax exemption contracts. The Department of Economic Development with the approval of the Governor may enter into contracts that provide certain tax credits or exemptions. The specific benefit depends on the contract.*

Low-Income Housing Credit

Legal Citation: R.S. 47:12

Applicable to: Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit expired December 31, 1993, except for carryover of unused credits. The Louisiana Housing Finance Agency (LHFA) must certify the tax credit amount to which the taxpayer is entitled for each year of the credit period. The tax credit was patterned after the federal low-income housing credit. Questions concerning the calculation of or eligibility for the credit should be referred to LHFA, at (225) 763-8700 or http://www.lhfa.state.la.us.

Carryover of Unused Credits: Credit that exceeds the Louisiana tax can be carried over to succeeding years until used.

Credit for Income Taxes Paid to Other States

Legal Citation: R.S. 47:33

Applicable to: Fiduciary income tax
Individual Income tax

In General: A taxpayer, who is a resident of Louisiana, or a trust or estate domiciled in Louisiana, is allowed a credit for income taxes properly paid to another state for the same tax year. The credit is dollar-for-dollar and independent of tax rates. If $100 is properly paid to the other state, a $100 credit is allowed against Louisiana income tax. In the case of a trust, the income taxed by the other state must also be taxed by Louisiana; it cannot have been deducted in the distribution deduction.

Between August 15, 1998, and July 1, 2000, the credit was allowed for the tax year in which the other state's taxes were actually paid or the succeeding tax year. The credit was limited to taxes paid on income derived from property in another state, and the other state must have allowed a similar credit under similar circumstances.

Carryover of Unused Credit: There is no carryover or refund of the credit if the taxes paid to the other state exceeds the Louisiana tax.

Specifics: A return must be filed with the other state. Withholding statements are not acceptable because they do not document that any tax was actually due or paid to the other state. The credit is only for the tax due to the other state regardless if estimated payments and withholding exceed that amount.

Only taxes paid to other states are eligible for the credit. Taxes paid to foreign countries, possessions of the United States, the District of Columbia, or other cities are not eligible.

The credit is only allowed for taxes paid to the other state on income that is taxable under its law regardless of the residence or domicile of the recipient. The following examples illustrate the proper credit to be allowed against Louisiana taxes.

Example 1

Taxpayer A is a Louisiana resident who earned $45,000 from salary and wages in Louisiana and $55,000 from salary and wages in Mississippi. Taxpayer A files a Louisiana resident income tax return and reports all $100,000 salary and wages, because Louisiana residents must pay income tax on income from all sources. Taxpayer A also files a nonresident income tax return in Mississippi and reports only the $55,000 earned in that state, because non residents of Mississippi pay income tax only on income from sources in Mississippi. Taxpayer A is allowed a credit against his Louisiana income tax for the Mississippi income tax paid on the $55,000 of income earned in Mississippi.

Example 2

Taxpayer B is a resident of both Louisiana and Mississippi. (An individual can claim to be a resident of two states but can only be domiciled in one.) Taxpayer B earns $45,000 from salary and wages in Louisiana and $55,000 from salary and wages in Mississippi. Taxpayer B files a resident income tax return in Mississippi and reports all $100,000 salary and wages. Taxpayer B also files a Louisiana resident income tax return and reports all $100,000 of salary and wages and is allowed a credit against her Louisiana income taxes for the Mississippi income taxes paid on the $55,000 earned in Mississippi. The total income tax paid to Mississippi cannot be claimed on the Louisiana return because the credit is only allowed for income taxable under the laws of the other state regardless of the residence or domicile of the recipient. The Mississippi income tax paid on the $45,000 of Louisiana income was taxed by Mississippi based on Taxpayer B's residency in Mississippi and is therefore not eligible for the credit.

Documentation: A copy of the other state's return must be attached to the Louisiana return.

Credit for Contributions of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions

Legal Citation: R.S. 47:37 and 47:287.755

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: Taxpayers who donate, or sell below cost, new or used computer equipment to educational institutions located in Louisiana are allowed a credit of 40 percent of the value of the property or, in the case of a sale below cost, 40 percent of the difference between the price charged by the taxpayer and its value. The credit is limited to the total tax liability and is in lieu of the deductions in R.S. 47:57.

The credit is available for tax periods beginning after December 31, 1985.

Carryover of Unused Credits: There is no carryover or refund of the credit if it exceeds the tax.

Specifics: ***Type of property donated:*** The tax credit is primarily for computer equipment, including software. However, other property "of a sophisticated and technological nature" may qualify and will be considered upon written request. All property donated, including computer equipment, must be used by the educational institution for research, research training, or direct education of students.

If ***new property*** is purchased by the taxpayer and donated, the value of the property is the taxpayer's cost as evidenced by a receipt. If the taxpayer is the manufacturer of the property, the value of the property is the lowest price at which the taxpayer sells the property.

The value of used property is determined by an appraisal obtained by the educational institution.

Documentation: Form R-3400 must be completed by the taxpayer, the board charged with supervision of the educational institution, and, in the case of donation of used equipment, the educational institution. A copy of R-3400 must be attached to the return filed by the taxpayer.

Credit for Converting Vehicles To Alternative Fuel Usage

Legal Citation: R.S. 47:38 and R.S. 47:287.757

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed for vehicle conversion to certain alternative-fuel usage, for the purchase of vehicles that use certain alternative fuels, and for the purchase of equipment directly and exclusively related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel. The amount of the credit is 20 percent of:

- The cost of equipment installed to modify a motor vehicle that burns gasoline so that the vehicle may be propelled by an alternative fuel, provided the vehicle is registered with the Department of Public Safety and Corrections.
- The portion of the purchase price of a vehicle that burns alternative fuel that is attributable to the storage of the fuel, the delivery to the engine of the fuel, and the exhaust of gasses from combustion of the fuel, provided the vehicle is registered with the Department of Public Safety and Corrections.
- The cost of property that is directly and exclusively related to the delivery of an alternative fuel into the tank of a motor vehicle propelled by the fuel including compression equipment, storage tanks, and dispensing units for the fuel at the point where the fuel is delivered, provided the property is located in Louisiana.

If a vehicle is purchased that is already equipped to burn alternative fuels, the taxpayer may elect to compute the credit as the lesser of 20 percent of 10 percent of the cost of the vehicle or $1,500 provided the vehicle is registered with the Department of Public Safety and Corrections. Otherwise the credit determined must be the exact basis which is attributable to the property.

Carryover of Unused Credits: There is a three-year carryforward of unused credits.

Specifics: ***Alternative fuels*** include compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels that meet or exceed federal clean air standards.

Married filing separate. A husband and wife who file separate returns may each claim only one-half the credit that would be allowed on a joint return.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Employee and Dependent Health Insurance Credit

Legal Citation: R.S. 47:287.759

Applicable to: Corporation Income Tax

In General: A credit for employee and dependent health insurance is allowed to a contractor or subcontractor with a contract for the construction of a public work when it offers health insurance coverage and pays at least 75 percent of the total premium for the health insurance coverage for each full-time employee who elects to participate and pays at least 50 percent of total premium for each dependent of the full-time employee who elects to participate.

The maximum amount of the credit is 5 percent on 40 percent of the amount of the contract received in a tax year.

The credit is allowed against the income tax for the period in which the credit is earned.

The credit shall not in any tax year exceed $3 million statewide.

Effective July 12, 2005, for tax years beginning on and after January 1, 2005, but before January 1, 2008.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: The credit is not allowed to a general contractor for any contract amounts received that are paid to a subcontractor eligible for this same credit.

Dependents – spouse and those persons who would qualify as dependents on the employee's federal income tax return.

Earnings – gross wages of the employee not including fringe benefits.

Health Insurance – coverage for basic hospital care, and coverage for physician care, as well as coverage for health care.

Public Work – a building, physical improvement, or other fixed construction owned by the state or a political subdivision of the state.

See LAC 61.I.1195 for additional information on this credit.

Documentation: A schedule showing the calculation of the credit must be attached to the return and should include the following information:

- A statement that health insurance has been offered to at least 85 percent of the employees;
- A copy of the health insurance coverage plan from the insurance company;
- The number of full-time employees working for the contractor or subcontractor; and
- Amount of the contract for public work.

Credit for Certain Disabilities

Legal Citation: R.S. 47:297(A)

Applicable to: Individual income tax

In General: A credit of $100 is allowed for the taxpayer, spouse, or dependent that is blind, deaf, mentally incapacitated, or has lost the use of a limb. Only one credit is allowed per person. The disability must exist at the end of the tax year or, if death occurred during the tax year, at the date of death.

A doctor's statement verifying the disability must be attached to the first return on which the disability is claimed.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: ***Blind*** is defined as one who is totally blind or whose central field of acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is limited to a field no greater than 20 degrees.

Deaf is defined as one who cannot understand speech through auditory means alone even with the use of amplified sound and must either use visual means or rely on other means of communication.

Mentally incapacitated is defined as one who is incapable of caring for themselves or performing routine daily health requirements due to their mental condition.

Loss of limb is defined as one who has lost one or both hands at or above the wrist or one or both feet at or above the ankle. It also includes permanent loss of use of the limb or limbs.

Special Allowable Credit

Legal Citation: R.S. 47:297(B)

Applicable to: Individual income tax

In General: Taxpayers are allowed a credit of 10 percent of certain federal credits taken on the federal income tax return, not to exceed $25. For example, if the eligible federal credits taken on the individual's federal return equal $100, the credit allowed on the Louisiana return would be $10. If the eligible federal credits equal $300, the Louisiana credit would be $25. If a credit was not taken on the federal return because of the alternative minimum tax, then no credit is allowed because the Louisiana credit is based only on the credits taken on the federal return.

The following federal credits are eligible for this Louisiana credit:

- Credit for the elderly
- Credit for contributions to candidates for public office
- Investment tax credit
- Foreign tax credit
- Work incentive credit
- Jobs credit
- Residential energy credit

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: There is no credit for those federal credits that have been repealed. To the extent they are reenacted the Louisiana credit will again apply.

Credit for Gasoline and Special Fuels Taxes

Legal Citation: R.S. 47:297(C)

Applicable to: Individual income tax

In General: A credit is allowed for state gasoline, motor fuels, and special fuels taxes paid to operate a commercial fishing boat. The credit is only allowed if a tax refund has not been claimed under R.S. 47:1681 et seq.

This credit is effective for tax periods beginning after December 31, 1992.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: ***Commercial fishing boat*** is defined as any watercraft used in the occupation of fishing for profit.

Education Credit

Legal Citation: R.S. 47:297(D)

Applicable to: Individual income tax

In General: A $25 tax credit is allowed for each dependent child who is in school grades K-12 at least part of the year.

The education credit was enacted by Acts 1980, No. 316, and is for educational expenses incurred after January 1, 1979. Over the years, the education credit has been suspended as follows:

Tax Year	Status	Legislation
1986	Suspended	Acts 1986, No. 986 provided that the credit was allowed for expenses incurred after January 1, 1988, effective for tax periods beginning after December 31, 1985.
1987	Suspended	
1988	Suspended	1988 House Concurrent Resolution 52 suspended the tax credit through 1989.
1989	Suspended	
1990	Suspended	1989 House Concurrent Resolution 78 continued the suspension through 1990.
1991	Suspended	Acts 1990, No. 360 added Paragraph D(3) to suspend the credit from July 1, 1990, through June 30, 1992.
1992	Suspended	
1993	Suspended	Acts 1992, No. 1030 continued the suspension through June 30, 1994.
1994	Suspended	
1995	Suspended	Acts 1994, No. 21 continued the suspension through June 30, 1996.
1996	Suspended	
1997	Available	
1998	Available	
1999	Available	
2000	Suspended	Acts 2000, No. 38 suspended the credit for tax years beginning on or after January 1, 2000, and before January 1, 2002.
2001	Suspended	
2002	Suspended	Acts 2002, No. 25 continued the suspension through December 31, 2005.
2003	Suspended	
2004	Suspended	
2005	Suspended	
2006	Available	
2007	Available	

Carryover of Unused Credits: There is no carryover or refund of credit.

Family Responsibility Credit

Legal Citation: R.S. 47:297(F) and R.S. 46:449

Applicable to: Individual income tax

In General: Individuals who have a contract with the Louisiana Department of Social Services to contribute for the cost of medical care for indigent relatives in the family responsibility program under the provisions of R.S. 46:449 are eligible for a credit of one-third of their contribution, limited to $200 per year.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Small Town Doctors and Dentists Credit

Legal Citation: R.S. 47:297(H)

Applicable to: Individual income tax

In General: A tax credit equal to the lesser of the tax due or $5,000 is available to certified medical doctors or licensed dentists. The credit is available to doctors and dentists who relocate their primary office to certain locations and agree to certain conditions for a period of at least three years. The tax credit is available for up to five years.

If the doctor or dentist violates the conditions of the credit during the initial three-year period, all credits taken in prior years are subject to recapture.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: The requirements for doctors are:

- The taxpayer must be a certified medical doctor possessing an unrestricted license from Louisiana to practice medicine.
- The doctor must move and maintain their primary office after July 1, 1991, to within 20 miles of a community hospital not owned predominantly by other physicians and the primary office cannot have been so located prior to July 1, 1991.
- Both the office and the hospital must be located more than 20 miles from the nearest incorporated city with a population of more than 30,000 persons.
- The doctor must accept Medicaid and Medicare payments.

The requirements for dentists are:

- The taxpayer must be a dentist licensed by Louisiana to practice dentistry.
- The dentist must move and maintain their primary office after July 1, 2002, in an area designated as a Dental Health Professional Shortage Area (HPSA) by the U.S. Department of Health and Human Services.
- The dentist must accept Medicaid and Medicare payments.

Documentation: A statement that the terms of R.S. 47:297(H) have been met and will be met for a period of at least three years must be attached.

Bone Marrow Donor Expenses Credit

Legal Citation: R.S. 47:297(I) & R.S. 47:287.758

Applicable to: Individual income tax
Corporation income tax

In General: A tax credit is allowed for employers who provide a program for employees who are actual or potential bone marrow donors. The credit is 25 percent of the eligible expenses of the program. If wages paid to an employee are included as eligible expenses for computation of the credit, the wages are not allowed as a deduction in computing taxable income. If eligible expenses include charitable contributions, then those contributions are not allowed as a deduction for computing taxable income.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: Eligible expenses for computation of the credit are:

- Expenses for development of an employee bone marrow donation program.
- Expenses for employee education related to bone marrow donation, including but not limited to the need for donors and an explanation of the procedures used to determine tissue type and to donate bone marrow.
- Payments for determining the tissue type of an employee who agrees to register as a donor.
- Wages paid to an employee for time related to tissue typing and donation.
- Transportation of an employee to a donation site or any other expenses related to the donation.

Credit for Educational Expenses incurred for a Degree Related to Law Enforcement

Legal Citation: R.S. 47:297(J)

Applicable to: Individual income tax

In General: A tax credit is granted to certain law enforcement officers and employees for education expenses associated with attending college. The amount of the credit per tax year is equal to the amount of tax due, 100 percent of the educational expenses associated with attending college, or $750, whichever is less.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: "Qualifying taxpayer" means any of the following:

- A full-time employee of the office of state police;
- A deputy sheriff eligible for state supplemental pay;
- A municipal police officer eligible for state supplemental pay; or
- A full-time commissioned probation and parole agent of the division of probation and parole-adult, Department of Public Safety and Corrections.

Credit for the Employment of Certain First Time Drug Offenders

Legal Citation: R.S. 47:297(K)

Applicable to: Individual income tax

In General: A tax credit is allowed for each taxpayer who provided full-time employment to an individual who has been convicted of a first time drug offense and who is less than 25 years of age at the time of the initial employment, and have worked 180 full days. The credit is for $200 per tax year per eligible employee and may be received for two years per employee. Only one credit is allowed per tax year per employee.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Credit for the Purchase of a Bulletproof Vest

Legal Citation: R.S. 47:297(L)

Applicable to: Individual income tax

In General: A tax credit is allowed to certain law enforcement personnel for the purchase of a bulletproof vest. The credit is the lesser of the purchase price including taxes paid by the taxpayer or $100. Only one credit is allowed for each five-year period beginning with the purchase of the vest. The credit is effective for tax periods beginning after December 31, 1997.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: The following law enforcement personnel qualify for the credit:

- full-time employees of the office of state police;
- deputy sheriffs eligible for state supplemental pay;
- municipal police officers eligible for state supplemental pay;
- full-time commissioned probation and parole agents of the division of probation and parole, Department of Public Safety and Corrections; and
- commissioned investigators in the Department of Justice.

Long-Term Care Insurance Premiums Credit

Legal Citation: R.S. 47:297(M)

Applicable to: Individual income tax

In General: An individual who purchases a federally qualifying long-term care insurance policy is allowed a tax credit for 10 percent of the total amount of premiums paid annually. Taxpayers applying for the credit must complete a form prescribed by the department.

The credit becomes effective if and when the legislature enacts a special fund to finance the credit. At this time, the credit has not been funded.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: For the premiums to qualify for the credit, the long-term care insurance policy must:

- be approved by the commissioner of insurance for sale in Louisiana.
- comply with the requirements of Part VI of Chapter 1 of Title 22 of the Louisiana Revised Statutes of 1950.
- qualify for the federal credit as a long-term care insurance contract as defined in Section 7702(B)(6) of the Internal Revenue Code of 1986.

Organ Donation Expenses Credit

Legal Citation: R.S. 47:297(N)

Applicable to: Individual income tax

In General: A credit is provided against individual income taxes of up to $10,000 per organ donation for expenses related to the taxpayer's travel or absence from work related to the taxpayer's or taxpayer's spouse's living organ donation.

Effective for tax years beginning on or after January 1, 2005.

Carryover of Unused Credits: Credit is allowed in the period in which earned. Unused credits can be carried forward for ten years.

Credit for the Employment of Certain First Time Nonviolent Offenders

Legal Citation: R.S. 47:297(O), & 47:287.752

Applicable to: Individual income tax
Corporation income tax

In General: A tax credit is allowed for each taxpayer who provided full-time employment to an individual who has been convicted of a first time nonviolent offense and who is less than 25 years of age at the time of the initial employment. The credit is for $200 per tax year per eligible employee and may be received for two years per employee. Only one credit is allowed per tax year per employee.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Credit for Employment-Related Expenses for Maintaining a Household for Certain Disabled Dependents

Legal Citation: R.S. 47:297.2

Applicable to: Individual income tax

In General: Persons who maintain a household that includes dependents who are physically or mentally disabled are allowed a credit effective for tax periods beginning after December 31, 1996.

The expenses allowed for the credit are for household services and care of a qualifying individual if they are incurred to enable the taxpayer to be gainfully employed and are equal to the applicable percentage of employment-related expenses allowable pursuant to Section 21 of the Internal Revenue Code.

Carryover of Unused Credits: Unused credits can be carried over to succeeding years until used.

Specifics: For tax years beginning before January 1, 2003:

- The credit is 30 percent of employment-related expenses.
- The percentage is reduced by one percentage point (but not below 20 percent) for each $2,000 (or fraction thereof) of a taxpayer's adjusted gross income that exceeds $10,000 in a taxable year.

For tax years beginning after December 31, 2002:

- The credit is 35 percent of employment-related expenses.
- The percentage is reduced by one percentage point (but not below 20 percent) for each $2,000 (or fraction thereof) of a taxpayer's adjusted gross income that exceeds $15,000 in a taxable year.

Credit for Certain Child Care Expenses

Legal Citation: R.S. 47:297.4

Applicable to: Individual income tax

In General: Resident individuals are allowed a credit for childcare expenses eligible for the federal child and dependent care credit.

For taxpayers with federal adjusted gross income of $25,000 or less, the credit is calculated based on the federal credit before it is limited by the individual's federal income tax liability and allowed without regard to whether they claimed the federal credit.

Taxpayers with federal adjusted gross income greater than $25,000 are allowed a credit for a percentage of the federal child and dependent care credit taken on a resident's federal income tax return. If a federal credit was not taken because of the alternative minimum tax, then no state credit is allowed because the Louisiana credit is based on the credits taken on the federal return.

Carryover of Unused Credits: If the credit exceeds the tax liability and federal adjusted gross income is $25,000 or less, it is refunded. If federal adjusted gross income is over $25,000 there is a five-year carryover of unused credit.

Specifics: The state child care tax credit is allowed as follows:

2006:

Federal Adjusted Gross Income	Percent of Federal Credit
$25,000 or less	30% of unreduced federal credit
$25,001 to $35,000	30% of actual federal credit taken
$35,001 to $60,000	10% of actual federal credit taken
Over $60,000	Lesser of $25 or 10% of actual federal credit taken

2007:

Federal Adjusted Gross Income	Percent of Federal Credit
$25,000 or less	50% of unreduced federal credit
$25,001 to $35,000	30% of actual federal credit taken
$35,001 to $60,000	10% of actual federal credit taken
Over $60,000	Lesser of $25 or 10% of actual federal credit taken

Credit for Rehabilitation of Residential Structures

Legal Citation: R.S. 47:297.6

Applicable to: Individual income tax

In General: A refundable tax credit for rehabilitation of owner-occupied historical structures. Credit is to be no more than 25% of the eligible costs and expenses and is limited to $25,000 per structure.

Maximum amount of credits to be allowed per year is $1 million statewide and the limit is raised to $10 million starting in 2008. If the total amount of credits applied for exceeds the applicable limit, the excess will be treated as having been applied for on the first day of the subsequent year.

Effective for tax years beginning after December 31, 2005 and before December 31, 2012.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: The structure must be located in a National Register Historic District, a local historic district, a Main Street District, a cultural products district, or a downtown development district, or has been listed or is eligible for listing on the National Register of Historic Places, or has been certified by the State Historic Preservation Office as contributing to the historical significance of the district, or is a vacant and blighted owner-occupied residential structure at least fifty years old.

To earn the credit, the taxpayer must apply to the Office of Culture, Recreation and Tourism, State Historic Preservation Office.

The credit is calculated using the following percentages of the eligible costs and expenses of the rehabilitation based on the adjusted gross income of the owner-occupant. If owned and occupied by two or more individuals, the percentage will be based on the sum of the adjusted gross incomes of all owner-occupants who contribute to the rehabilitation and the credit will be divided between the owner occupants in proportion to their contribution to the eligible costs and expenses unless they agree to an alternative division.

- Adjusted gross income less than or equal to $50,000—25%
- Adjusted gross income greater than $50,000 but less than or equal to $75,000—20%
- Adjusted gross income greater than $75,000 but less than or equal to $100,000—15%
- Adjusted gross income greater than $100,000, only available for the rehabilitation of a vacant or blighted owner-occupied residential structure that is at least fifty years old—10%

  Credit must be taken in five equal portions to be applied against the tax for the five-year period beginning in the taxable period in which the rehabilitated structure is first placed in service.

Documentation: In order to claim the credit, a taxpayer should submit the following documentation to the Department of Revenue:

- Address of the rehabilitated structure,
- Project number from the State Historic Preservation Office,
- Copy of the original credit certificate or letter issued by the State Historic Preservation Office,
- Estimated cost of rehabilitation of historical structure, and,
- A schedule showing the current or remaining tax credit balance and the amount to be claimed against the owner's current year tax liability.

Property Insurance Tax Credit

Legal Citation: R.S. 47:297.7

Applicable to: Individual income tax

In General: Acts 2007, No. 447 created a credit for seven percent of the premiums paid by individuals on their primary residence for homeowners' insurance, condominium owners' insurance, or tenant homeowners' insurance. The Act provides that any Citizens property insurance assessment must be subtracted from the total premium paid before applying the seven percent credit rate.

Acts 2007, No. 371 amended this provision to limit the credit to tax years beginning in 2008 only.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Earned Income Tax Credit

Legal Citation: R.S. 47:297.8

Applicable to: Individual income tax

In General: Resident individuals are allowed a credit of 3.5 percent of the federal earned income tax credit taken on a resident's federal income tax return. This credit is effective for tax years beginning on or after January 1, 2008.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: Individual must be eligible for federal earned income tax credit under Section 32 of the Internal Revenue Code.

Credit for Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting and Fishing Licenses

Legal Citation: R.S. 47:297.9

Applicable to: Individual income tax

In General: A refundable credit is allowed for the amounts paid by an active or reserve military servicemember, the spouse of an active or reserve military servicemember, or the dependent of such servicemember for obtaining a Louisiana noncommercial hunting or fishing license. This credit is effective for taxable periods beginning on or after January 1, 2007.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: The license purchased shall be valid only during the time the servicemember is on active duty.

The credit does not apply to purchases of lifetime licenses.

Documentation: A copy of the noncommercial hunting and/or fishing license must be submitted to the Department in order to claim the credit. Please contact the Department for more information concerning this credit.

Credit for Employment in a Qualified Motion Picture Production

Legal Citation: R.S. 47:1125.1

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: For state certified productions that have received an effective certification prior to December 31, 2005, a tax credit is allowed for the employing of Louisiana residents in a state certified production. If payroll for the production is at least $300,000 but less than $1 million for the tax year, a tax credit of ten percent of the total Louisiana residents' payroll is allowed. If payroll for Louisiana residents employed is more than $1 million, a tax credit of 20 percent of the total Louisiana residents' payroll is allowed. The total payroll may not include any employee whose salary is $1 million or more.

The credit is null and void for state certified productions certified after December 31, 2005. The credit is null and void after June 30, 2006 for all productions certified before January 1, 2006.

The Motion Picture Investor Tax Credit, includes an employment component effective July 1, 2005 for tax years beginning after December 31, 2005. See R.S. 47:6007(C)(1)(b)(ii).

Carryover of Unused Credits: There is a 10 year carryover or refund of credit if it exceeds the tax.

May be transferred or sold in the same manner and subject to the same conditions and procedures provided for Motion Picture Investor Tax Credit in R.S. 47:6007(C)(4).

Specifics: The procedures and guidelines for this credit may be obtained from the Department of Economic Development.

Credit for Employment of the Previously Unemployed

Legal Citation: R.S. 47:6004

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Employers are eligible for a $750 credit for hiring previously unemployed persons in newly created full-time jobs. To qualify for the credit, the employer must increase their full-time employment level by five percent over the previous year and only those additional new employees over the five percent increase are eligible for the credit.

The $750 per qualified new employee credit can be taken against the employer's income tax for the tax period in which the employee completes one year of full-time service. If the credit is taken against the employer's franchise tax, it is taken for the tax period following the period in which the employee completed one year of full-time service.

This credit is effective for tax periods beginning on or after January 1, 1992.

Carryover of Unused Credits: There is a five-year carryforward of unused credits.

Specifics: Qualifying employees must be Louisiana residents who have resided in the state for at least six months prior to employment and

- have been unemployed for at least an eight-week consecutive period prior to employment, or
- a recipient of Family Independence Temporary Assistance Program payments and participating in the Family Independence Work Program.

The employer must obtain a notarized statement from qualifying employees certifying that they meet either of the above conditions. The statements should not be submitted with the tax return, but must be maintained by the employer available for audit verification.

The five percent annual employment increase is calculated based on the average annual full-time employment reported by the employer to the Office of Employment Security for the previous tax year. For example, if the employer reported an average of 100 full-time jobs to employment security for tax year 1999, the employer would have to hire five additional full-time employees in 2000, and then each additional qualifying employee hired would earn the credit. Abolished jobs are netted against created jobs in calculating the number of new jobs created.

If this credit is claimed, the following tax credits cannot be claimed:

- credit for hiring eligible re-entrants (R.S. 47:287.748);
- corporate jobs credit (R.S. 287.749);
- neighborhood assistance tax credit (R.S. 287.753); or
- enterprise zone tax exemption contract (R.S. 51:1787).
- Quality Jobs Program (R.S. 51:2455-2462)

Credit for the Purchase of Qualified New Recycling Manufacturing or Process Equipment and/or Service Contracts

Legal Citation: R.S. 47:6005

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Taxpayers are allowed a tax credit for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. The credit is 20 percent of the cost of the new equipment or contract less any other tax credits received for purchase of the equipment and/or contract.

The tax credit that may be taken in a tax year is limited to 20 percent of the new equipment and/or service contract's total credit, which is the cost of the new recycling equipment and/or contract less the amount of any other tax credits received for the purchase of the equipment. The credit may not exceed 50 percent of the tax liability before the credit.

For example, the 20 percent credit on a $500 new recycling equipment or contract purchase is $100, then the maximum credit that can be claimed each year is $20 (20 percent of $100). However, if the tax liability without the credit is $30, the second limitation (cannot exceed 50 percent of the tax liability) would limit the credit that could be claimed to $15. Unused credits may be carried forward.

If the equipment is sold before the total credit is claimed, the credit otherwise allowable may be claimed in the tax year of the sale and any unused credit is canceled for future periods.

Effective June 30, 2005.

Carryover of Unused Credits: The credit may be carried forward until the credit is exhausted or the equipment is sold.

Specifics: Taxpayers must apply to the Department of Environmental Quality (DEQ) to receive this tax credit. DEQ determines if the equipment or contract qualifies as defined in the statute and provides certification of the allowable credit amount to the taxpayer and the Department of Revenue. The Commissioner of Administration must approve the certification prior to the credit being granted.

Total certified credits cannot exceed $5 million in any calendar year.

Qualified new recycling manufacturing or process equipment is defined as:

- new machinery or new apparatus used exclusively to process post-consumer waste material, recovered material, or both; or
- manufacturing machinery used exclusively to produce finished products, the composition of that is at least 50 percent post-consumer waste material, recovered material, or both.

Qualified new recycling manufacturing or process equipment does not include vehicles and structures, machinery, equipment, or devices used to store or incinerate waste material.

Qualified service contracts are defined as any service contracts utilized by a non-hazardous industrial waste generator or a non-hazardous industrial waste beneficial user to implement Department of Environment Quality-approved beneficial use programs for non-hazardous industrial waste streams as defined under the departments Solid Waste Rules and Regulations so as to avoid conventional disposal of such waste in a landfill.

Documentation: To claim the credit, the taxpayer must attach a copy of this certification from DEQ to the tax returns on which the credit is claimed.

Ad Valorem Tax (Inventory Tax) Credit

Legal Citation: R.S. 47:6006

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for ad valorem taxes paid to political subdivisions of Louisiana on inventory held by manufacturers, distributors, and retailers. No credit is allowed if the retailers collected the tax from their customers. The credit was phased-in as follows:

- 20 percent of inventory taxes paid from 7-1-92 through 6-30-93.
- 40 percent of inventory taxes paid from 7-1-93 through 6-30-94,
- 60 percent of inventory taxes paid from 7-1-94 through 6-30-95,
- 80 percent of inventory taxes paid from 7-1-95 through 6-30-96,
- 100 percent of inventory taxes paid on or after 7-1-96.

The tax credit is claimed for the income tax period in which the inventory tax is paid or for the franchise tax period immediately following the payment of the inventory tax.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: Taxpayers in the business of selling tangible personal property are eligible for the credit. Service businesses such as doctors, lawyers, accountants, and repair shops are generally not eligible for the credit.

Act 31 of the 2006 1st Extraordinary Session of the Louisiana Legislature allows taxpayers who make payment of ad valorem taxes after December 31, 2005 and before April 16, 2006, to elect to treat these payments as having been made on December 31, 2005 for purposes of the inventory tax credit under La. R.S. 47:6006. Taxpayers making this election must submit a schedule showing the ad valorem tax payments, the actual payment date of each payment and a statement that they elect these taxes to be treated as paid on December 31, 2005.

Documentation: Taxpayer claiming the credit must attach copies of assessments and canceled checks for the first three years that the taxpayer claims the inventory credit. After the three years, the schedule of the information on Form R-10610, which can be substantiated through the Parish Tax Assessors' offices, will be sufficient. Taxpayers that fail to correctly complete Form R-10610 or provide the required documentation will not be granted the credit until the information and documents are provided. If after the initial three-year period tax credit discrepancies are found, the taxpayer may be required to submit the supporting documentation for prior years before the credits will be allowed. See Revenue Information Bulletin 06-036 for more information.

Ad Valorem Tax on Natural Gas Credit

Legal Citation: R.S. 47:6006(A)

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for ad valorem taxes paid to political subdivisions of Louisiana on natural gas held, used, or consumed in providing natural gas storage services or operation natural gas storage facilities effective August 15, 2005.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Documentation: Both a copy of the tax assessment and a copy of the cancelled check in payment of the tax must be attached to the return.

Ad Valorem Tax Credit for Offshore Vessels

Legal Citation: R.S. 47:6006.1

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for ad valorem taxes paid on vessels that operate principally in Outer Continental Shelf Lands Act Waters. To qualify for the credit, the taxpayer must certify to the assessor that the vessel operated principally in outer continental shelf waters within the calendar year immediately before the tax year of assessment of the vessel and the ad valorem tax must have been paid to the political subdivision without protest.

Carryover of Unused Credits: There is no carryover of credit that exceeds the Louisiana tax. Any excess will be refunded to the taxpayer even if the taxpayer paid no income or franchise tax.

Specifics: The credit is taken as follows:

- ***Corporations*** – The credit may be applied against corporation income or franchise taxes. However, any credit allowable to a member of an affiliated group of corporations as defined in IRC § 1504 will be applied against the Corporation income and franchise taxes of the member and any other member of the group until the total credit has been applied.
- ***Individuals*** – The credit may be applied against the individual income tax.
- ***Subchapter S corporations –*** The credit for taxes paid by S corporations is applied first against any corporation income and franchise taxes due by the corporation. Any remaining credit is allocated to the shareholders in accordance with their ownership interests to be applied against their income tax.
- ***Partnerships*** – The credit for taxes paid by a partnership is allocated to the partners according to their distributive shares of the partnership gross income and applied against any income and corporation franchise tax liabilities.

The application of this credit was phased in over a three-year period. The credit was phased in as follows:

- For taxes paid on or after July 1, 1994, and before June 30, 1995, the credit is 60 percent of the taxes paid.
- For taxes paid on or after July 1, 1995, and before June 30, 1996, the credit is 80 percent of the taxes paid.
- For taxes paid on or after July 1, 1996, the credit is 100 percent of the taxes paid.

Act 31 of the 2006 1st Extraordinary Session of the Louisiana Legislature allows taxpayers who make payment of ad valorem taxes after December 31, 2005 and before April 16, 2006, to elect to treat these payments as having been made on December 31, 2005 for purposes of the credit for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters under La. R.S. 47:6006.1. Taxpayers making this election must submit a schedule showing the ad valorem tax payments, the actual payment date of each payment and a statement that they elect these taxes to be treated as paid on December 31, 2005.

Documentation: The tax credit is claimed in the income tax period in which the inventory tax is paid or in the franchise tax period immediately following the payment of the inventory tax. The return must include copies of the property tax assessments and cancelled checks evidencing payment of the taxes and Form LAT-11A. If the credit is applied or allocated to more than one party, the documentation for the credit must be attached to each tax return claiming the credit.

Credit for Motion Picture Investor

Legal Citation: R.S. 47:6007

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: This credit, which is only available to taxpayers domiciled in Louisiana, is for 10 to 15 percent of an investor's investment in a film production after July 1, 2002, depending on the level of investment. Prior to July 1, 2002, the credit was based on the investor's loss and was 50 to 67 percent of an investor's film production loss.

An investment in a "state-certified production" is required to qualify for the credit. The Governor's Office of Film and Television Development and the Department of Economic Development must certify that the production is being produced by a motion picture production company domiciled and headquartered in the state and there is a distribution agreement with either a major theatrical exhibitor, television network, or cable television programmer. This certification is provided to the investors and the Department of Revenue. See Revenue Ruling No. 06-016 for additional information.

Carryover of Unused credits: There is a 10-year carryforward of unused credit. Any unused credits may be transferred or sold to another Louisiana taxpayer subject to certain conditions.

The carry forward period for credit that is transferred or sold begins on the date on which the credit was originally earned.

Specifics: This credit is administered by the Department of Economic Development.

The procedures and guidelines for this credit may be obtained from the Governor's Office of Film and Television Development or the Department of Economic Development.

This tax credit, which is available for tax periods beginning January 1, 1993, is based on a percentage of the investor's loss or the investment in the production as follows:

January 1, 1993 through June 30, 2002:

- Investments of $2 million but less than $10 million – 50 percent of loss.
- Investments of $10 million but less than $25 million – 60 percent of loss.
- Investments of $25 million and more – 67 percent of loss.

July 1, 2002 through December 31,2003:

- Investments of $300,000 but less than $1 million – 10 percent of investment.
- Investments of $1 million and more – 15 percent of investment.

January 1, 2004 through December 31, 2005:

- Investments of $300,000 but less than $8 million – 10 percent of investment.
- Investments of $8 million or more – 15 percent of investment.

Provisions effective March 25, 2004:

Credits are limited so that it will not exceed Louisiana expenditures of the production.

Credits can only be applied to taxes for the tax period in which the credit is earned or carried forward for 10 years.

The number of transfers of credit permitted in any year in no longer limited.

The Department of Revenue can impose a fee, by regulation of up to $200 per transferee for transfers to credits.

(Continued)

Provisions for state-certified productions that have received an effective initial certification date after December 31, 2005:

There is a credit for investment in state certified infrastructure.

The credit for investment in state certified productions and state certified infrastructure projects is limited to expenditures in the state.

The credits cannot be applied against a tax or transferred until the expenditures are certified by the Governor's Office of Film and Television Development and the Department of Economic Development. Combines the employment credit (R.S. 47:1125.1) and the investor credit.

The credit is based on a percentage of the base investment in a state-certified production and state-certified infrastructure projects as follows:

State-certified productions approved on or after January 1, 2006 through June 31, 2010:

- Investments of $300,000 or more – 25% of investment.

  Extent investment is expended on payroll for Louisiana residents employed in connection with a state-certified production – additional 10 percent of such payroll excluding salary of any one person exceeding $1 million.

July 1, 2010 through June 30, 2012

- Investments of $300,000 or more in a state-certified production – 20% of investment.

  Extent investment is expended on payroll for Louisiana residents employed in connection with a state-certified production – additional 10 percent of such payroll excluding salary of any one person exceeding $1 million.

After July 1, 2012

- Investments of $300,000 or more in a state-certified production – 15% of investment.

  Extent investment is expended on payroll for Louisiana residents employed in connection with a state-certified production – additional 10 percent of such payroll excluding salary of any one person exceeding $1 million.

Act 456 does not apply to state-certified productions that have received an effective initial certification date that is prior to December 31, 2005.

For state-certified infrastructure projects approved on July 1, 2005 through December 31, 2008:

- Investments of $300,000 or more in a state-certified infrastructure project – 40% of investment.
- Credit per project is limited to $25 million.

Provisions effective July 1, 2007:

New definition for state-certified infrastructure project.

Initial certification of state-certified productions will be effective for a period of 12 months prior to, and after, the date of initial certification.

Documentation: See Revenue Information Bulletin No. 05-001 on the Department's website for detailed information on documentation required.

Credit for Donations to Assist Qualified Playgrounds

Legal Citation: R.S. 47:6008

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit is allowed for the lesser of $1,000 or 50 percent of the value of a qualified donation to a qualified playground. The total credit that a taxpayer can claim for all donations to playgrounds may not exceed $1,000.

This credit is effective for tax periods beginning after December 31, 1992.

Provisions effective July 11, 2005:

A credit of up to $1,000 for qualified donations made to qualified playgrounds for certain tax years between 1992 and 2001, if taken on an amended return by December 31, 2008.

Carryover of Unused Credits: There is no carryover or refund.

Specifics: ***Qualified donation*** means a donation to a qualified playground to assist in the construction, operation, use, or maintenance of the playground. It also means a donation made to assist in the development, implementation, or sponsoring of recreational, educational, or health-related programs or events for the benefit of the children served by the qualified playground. The donation may be in the form of cash or donated equipment, goods, or services.

Qualified playground means a playground, recreational facility, or park owned or operated by the state or a political subdivision or by a community, volunteer organization, or nonprofit corporation that is eligible to receive funds under the community development block grant program of the United States Department of Housing and Urban Development. Donations may be made directly to the playground, to the playground's volunteer organization or booster club, or to a nonprofit corporation whose chartered purpose is to provide assistance to the qualified playground.

Louisiana Basic Skills Training Tax Credit

Legal Citation: R.S. 47:6009

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for Louisiana businesses that provide basic-skills training for their full-time employees. The employees must be Louisiana residents and participation in the training must be voluntary. The credit, which is administered by the Louisiana Department of Education, is $250 per employee and a business's total basic skills training tax credit may not exceed $30,000 in a tax year.

Carryover of Unused Credits: There is a two-year carryforward of unused credits.

Specifics: Requirements for the credit are as follows:

- Participants must be full-time employees of a Louisiana business or industry who are voluntarily participating in the basic skills course.
- Participants must be Louisiana residents.
- Before beginning a basic skills training program provided by an accredited education agency, participants must complete a precourse evaluation and have grade-equivalent achievement levels below the 12th grade level in reading and mathematics.
- Upon completion of the basic skills training program, participants must complete a post-course evaluation performed by an accredited public education agency and must demonstrate at least three years grade level growth in reading and mathematics.

Taxpayer's interested in this credit should apply with the Department of Education before implementing an education program.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Documentation: A copy of the Department of Education's approval must be attached to the return on which the credit is claimed.

Credit for Donations of Property to Certain State Offices and Agencies

Legal Citation: R.S. 47:6011

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: This credit expired June 30, 2000 except for carryover of unused credits.

A credit is allowed for donations of historical property to the old state capitol, the state capitol complex, or the division of archives, records management, and history. The credit is effective for donations made between August 1, 1996, and June 30, 2000.

To qualify for the tax credit, the donation must be approved and accepted by the governor and secretary of state. The Joint Legislative Committee on Budget must also approve donations valued $70,000 or more.

Carryover of Unused Credits: Unused credits may be carried forward until the full credit has been used.

Specifics:

- The credit is for 50 percent of the property's value.
- The credit allowed in any tax year is limited to 25 percent of the total tax liability for corporations and 50 percent for other taxpayers.
- Any donation valued $70,000 or more must be approved by the Joint Legislative Committee on the Budget before the credit can be granted.

Credit for Donations of Material, Equipment, or Instructors Made to Certain Training Providers

Legal Citation: R.S. 47:6012

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for donations of the latest technology available in materials and equipment and donations of instructors to public training providers, secondary and postsecondary vocational-technical schools, and apprenticeship programs registered with the Louisiana Department of Labor, or community colleges within the state.

The credit is effective for donations made from July 1, 1998, through December 31, 2000 and was reestablished for taxable periods beginning after December 31, 2002.

Carryover of Unused Credits: There is no refund or carryforward of credits that exceed the tax liability.

Specifics: The credit is for one-half the value of the donated materials, equipment, or services rendered by the instructor.

The credit, when combined with all other applicable tax credits, may not exceed 20 percent of the taxpayer's tax liability for the year.

Credit for Donations to Public Schools

Legal Citation: R.S. 47:6013

Applicable to: Corporation income tax
Corporation franchise tax

In General: A credit is allowed for qualified donations to public elementary or secondary schools. The credit is for 40 percent of the appraised value of the donation, not to exceed the taxpayer's tax liability for the year.

Carryover of Unused Credits: There is no refund or carryforward of credits that exceed the tax liability.

Specifics: ***Qualified donation*** means a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to the property.

Credit for Ad Valorem Tax Paid by Certain Telephone Companies

Legal Citation: R.S. 47:6014

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for 40 percent of the total ad valorem taxes paid to Louisiana political subdivisions by telephone companies on their public service properties.

The credit is effective for income and franchise tax years ending on or after December 31, 2001.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: HB 46 of the 2006 1st Extraordinary Session of the Louisiana Legislature allows taxpayers who make payment of ad valorem taxes after December 31, 2005 and before April 16, 2006, to elect to treat these payments as having been made on December 31, 2005 for purposes of the credit for property taxes paid by certain telephone companies under La. R.S. 47:6014.

Taxpayers making this election must submit a schedule showing the ad valorem tax payments, the actual payment date of each payment and a statement that they elect these taxes to be treated as paid on December 31, 2005.

Research and Development Credit

Legal Citation: R.S. 47:6015

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: For income tax years beginning on or after January 1, 2003, and franchise tax years beginning on or after January 1, 2004, the Department of Economic Development (DED) may approve a credit to qualifying taxpayers in an amount equal to 8 percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities, or 25 percent of the state's apportioned share of eligible expenditures if the taxpayer claims the alternative incremental tax credit pursuant to 26 U.S.C.A. §41.

The credit will sunset December 31, 2009.

Carryover of Unused Credits: There is a 10-year carryforward of unused credits.

The credit may be sold but the sale price cannot be less than 75% of the "value of the tax benefits."

The carry forward period for the credit that is transferred or sold begins on the date on which the credit was originally earned.

Specifics: For income tax years beginning on or after January 1, 2005 and franchise tax years beginning on or after January 1, 2006, the authorized credit will be an amount equal to 8 percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities if the taxpayer employs five hundred or more Louisiana residents, or 20 percent of the state's apportioned share of the taxpayer's expenditures if the taxpayer employs fewer than five hundred Louisiana residents, or 25 percent of the state's apportioned share of eligible expenditures if the taxpayer claims the alternative incremental tax credit under 26 U.S.C.A § 41.

DED may also approve an additional credit to taxpayers who receive Small Business Innovation Research Grants for 8 percent of the award for income tax years beginning on or after January 1, 2003 and franchise tax years beginning on or after January 1, 2004; 20 percent of the award for income tax periods beginning on or after January 1, 2005 and franchise tax years beginning on or after January 1, 2006.

The state's apportioned share of expenditures is calculated as follows:

- the excess of the taxpayer's qualified research expenses for the taxable year over the base amount multiplied by the ratio of the qualified research expenses in this state for the taxable year to the taxpayer's total qualified research expenses for the taxable year.

Questions should be directed to the Department of Economic Development. See LAC 13: I Chapter 29.

New Markets Credit

Legal Citation: R.S. 47:6016

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: For tax years beginning on or after September 1, 2002, a tax credit is allowed for investments in qualified low-income community development entities (CDEs). The total tax credits that may be allowed for all taxpayers during any taxable year cannot exceed $5 million. Before claiming the tax credit, investors must apply to the Department of Revenue and the credits will be allocated on a first-come, first-served basis.

Investors are eligible for the tax credit if the Community Development Entity (CDE) has made qualified low-income community investments and 25 percent of their investments in low-income communities are in the form of loans. Also, qualified low-income community investments cannot consist of investments secured by any state or federal governmental entity.

Act 424 of the 2005 Regular Session removed the limitations effective 7/11/2005.

Act 58 of the 2005 1st Extraordinary Session extended the credit to investments in communities located in presidentially declared disaster areas by reason of Hurricanes Katrina and Rita.

Carryover of Unused Credits: Unused credits can be carried over to succeeding years until used.

Any unused credits may be transferred or sold to another Louisiana taxpayer subject to certain conditions.

Specifics: An 11 percent credit is allowed over a seven-year period and is computed by multiplying the amount invested in the qualified community development entity by the applicable percentage rate as follows:

- one percent for the year that the investment is made and the next two years;
- two percent for the next four years.

Provisions effective July 1, 2007:

Credit is capped at $50 million.

$15 million cap on the amount of investments that can be issued by a single business.

A 25% credit allowed over a three-year period and is computed by multiplying the amount invested in the qualified community development entity by the applicable percentage rate as follows:

- ten percent for the year that the investment is made and the next year;
- five percent for the next year.

Credit for Debt Issuance Costs

Legal Citation: R.S. 47:6017

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: An economic development corporation is allowed a credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds.

Carryover of Unused Credits: There is no carryover or refund of unused credits.

Credit for Purchases from Prison Industry Enhancement Contractors

Legal Citation: R.S. 47:6018

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for the state sales and use taxes paid on purchases of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor.

This credit is effective for income tax years beginning after December 31, 2002, and franchise tax years beginning after December 31, 2003.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: PIE contractors use inmate labor to produce items for sale and then pay 30 percent of the salary paid to the inmates back to the state.

The credit is for the state sales and use tax paid by the purchaser on the apparel purchased during the purchaser's tax year.

Credit for Rehabilitation of Historic Structures

Legal Citation: R.S. 47:6019

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit is effective for the period July 1, 2002, through December 31, 2011.

A tax credit is allowed for the eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development district. The structure must be commercial property. The credit is 25 percent of the costs and expenses up to $250,000 per structure.

Effective 7/11/2005, legislation has removed the limitation of $250,000 per structure and one credit per structure providing no taxpayer, or any entity affiliated with the taxpayer, shall receive more than $5 million of credit for any number of structures rehabilitated within the same downtown development district.

Acts 2007, No. 182 and 298 amends 47:6019 further to include historical structures located in a cultural product district and extends the sunset date to December 31, 2011.

The credit is earned only in the year in which the property attributable to the expenses is placed in service.

Carryover of Unused Credits: There is a five-year carryforward of unused credits.

Can be sold by the person who originally earned the credit. The credits may only be sold twice. The transfer of the credit does not extend beyond the carry forward period of the credit.

Specifics: To qualify for the credit, the historic structure must be located in a downtown development or a cultural products district and listed on the National Register of Historic Places or certified by the Department of Culture, Recreation and Tourism as contributing to the historical significance of the state.

Cultural product district shall mean a district designated by a local governing authority in accordance with law for the purpose of revitalizing a community by creating a hub of cultural activity, including affordable artist housing and workspace. The Department of Culture, Recreation and Tourism may determine whether or not a district complies with this definition.

See Revenue Information Bulletin No.06-002 on the Department's website for more information.

Documentation: To claim the credit, the taxpayer should submit the following to the Department of Revenue:

- Address of Rehabilitated Structure,
- Project number from State Historic Preservation Office,
- Copy of the original credit certificate or letter issued by the State Historic Preservation Office,
- Estimated cost of rehabilitation on historical structure, and
- A schedule showing the current or remaining tax credit balance and the amount to be claimed against the owner's current year tax liability.

Angel Investor Tax Credit Program

Legal Citation: R.S. 47:6020 through 6020.4

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit is administered by the Department of Economic Development. Individuals or entities that invest in a Louisiana Entrepreneurial Business that is domiciled in the state, employs 50 or fewer full-time employees, and have gross annual sales of less than $10 million or have a business net worth of less than $2 million may apply for this credit for a period of five tax years.

Investments must be at risk and not secured or guaranteed and not raised from other incentive programs, pooled funds, organized through capital placement agreements, or the result of illegal activity. An angel investor cannot be the principal owner, spouse or relative within the third degree of blood or marriage from the owner.

Effective for tax periods beginning on or after January 1, 2005.

Credits earned on or before December 31, 2005 are not allowed until the income tax period beginning January 1, 2006 and franchise tax due January 1, 2007.

Credit becomes null and void December 31, 2009.

The credit shall not in any tax year exceed $5 million statewide

Carryover of Unused Credits: Credits can be carried forward ten-years and expire in the eleventh year.

Effective August 15, 2007, credits that exceed the tax liability is refunded.

Specifics: Procedures and guidelines may be obtained from the Department of Economic Development. See LAC 13:I.33.

The Louisiana Entrepreneurial Business must be located in Louisiana, receive approval by the Department of Economic Development, demonstrate that it will have more than 50 percent of its sales from outside Louisiana, and is not a business engaged primarily in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds.

Tax credit is granted at 50% of the investments, divided evenly over five years.

Brownfields Investor Tax Credit

Legal Citation: R.S. 47:6021

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: Taxpayers are allowed a credit against state income tax for the investment in a voluntary remediation action or a voluntary remedial investigation as follows:

- 15 percent of the total investment on the certified completion date of a voluntary remedial investigation at a state-certified site.
- 25 percent of the total investment on the certified completion date of a voluntary remediation action at a state-certified site.
- Tax credits may never exceed the total investment in the site.

Acts 2007, No. 392 amends 47:6021 as follows:

- 15 percent of the total investment made in a voluntary remedial investigation at a state-certified site.
- 50 percent of the total investment made in a voluntary remediation action at a state-certified site.

The Act also makes the brownfields tax credit transferable and provides that no credit will be allowed for any expenditures for which a taxpayer receives a credit, rebate, or other tax incentive granted by the state under any other provision of law. Effective for all taxable periods beginning on or after January 1, 2008.

Carryover of Unused Credits: There is a ten-year carryforward of unused credits.

Effective January 1, 2008, any unused credits may be transferred or sold to another Louisiana taxpayer subject to certain conditions.

Specifics: Applications for the credit must be jointly submitted to the Department of Economic Development and the Department of Environmental Quality. Contact these departments concerning procedures and guidelines.

Digital Interactive Media Producer Credit

Legal Citation: R.S. 47:6022

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A transferable tax credit is allowed for investing in a state certified digital interactive media production in Louisiana.

For projects certified before January 1, 2010, an income tax credit will be earned by producers at the time funds are expended in Louisiana on a state-certified production as follows:

- For the 1st and 2nd years following certification—20 percent of the base investment for the year.
- For the 3rd and 4th years following certification—15 percent of the base investment for the year.
- For the 5th and 6th years following certification—10 percent of the base investment for the year.
- After the 6th year—no tax credits.

The tax credit is allowed in the taxable period in which the credit is earned and the immediately preceding period.

The credit is certified by the Department of Economic Development.

Effective June 30, 2005 and sunsets December 31, 2009.

Carryover of Unused Credits: There is a ten-year carryforward of unused credits. Any unused credits may be transferred or sold to another Louisiana taxpayer subject to certain conditions.

Specifics: Any producer who receives the credit must commit to continue business operations in Louisiana for at least one year after certification of the credit.

To meet the requirement for continuing business operations in the state, the producer's base investment in the year following certification of any tax credit must be at least 25 percent of the amount of the previous year's base investment.

No credit will be granted for investment or expenditures qualifying for credit under either R.S. 1125.1 or 6007.

Applications for the credit must be submitted to the Department of Economic Development. Contact that department concerning procedures and guidelines.

Documentation: Documentation from the Department of Economic Development must be attached to the return.

Sound Recording Investor Tax Credit

Legal Citation: R.S. 47:6023

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: This credit is earned by investors at the time expenditures are certified by the Department of Economic Development according to the total base investment certified for the sound recording production company per calendar year.

Until January 1, 2010, investors in state-certified productions and state-certified musical recording infrastructure projects are eligible for investor tax credits as follows:

- Total base investments greater than $15,000 and less than or equal to $150,000—10 percent of the base investment.
- Total base investments greater than $150,000 and less than or equal to $1 million—15 percent of the base investment.
- Total base investments greater than $1 million—20 percent of the base investment.

Sound recording investor tax credits may not exceed the total base investment in the project.

Limitation on tax credit:

- The total amount of credits certified for all investors during any calendar year is limited to $3 million.
- Credits will be granted on a first-come, first-served basis.
- If the total amount of credits applied for exceeds $3 million, the excess will be treated as having been applied for on the first day of the subsequent year.

For tax years beginning on or after January 1, 2006.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: The credit is administered by the Department of Economic Development. Contact that department concerning policy and guidelines.

No credit is allowed for any expenditures for which a motion picture investor tax credit was granted under R.S. 47:6007.

No sound recording production company may earn this credit in more than three years out of any five-year period.

Documentation: A copy of the certification of the credit from the Department of Economic Development must be attached to the return.

Credit for the LA Citizens Property Insurance Corporation Assessments

Legal Citation: R.S. 47:6025

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A refundable credit will be allowed in the amount of surcharges, market equalization charges, or assessments paid as a result of the assessments levied by the Louisiana Citizens Property Insurance Corporation due to Hurricanes Katrina and Rita. This credit is available to taxpayers who paid the assessments as a part of their property insurance premium.

Effective for taxable periods beginning on or after January 1, 2006.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: Act 382 of the 2007 Regular Legislative Session amended Revised Statute 47:6025 to allow any refund of Citizens assessments paid during 2007 and thereafter to be claimed by filing a Request for Refund of Louisiana Citizens Property Insurance Corporation Assessment Form R-540INS for individuals and Form R-620INS for business entities at the time of payment. Taxpayers required to file an income tax return have the option of claiming the credit for the Citizens assessment with their regular income tax return or on the Request for Refund of Louisiana Citizens Property Insurance Corporation Assessment Form. The credit may not be claimed on both the income tax return and the Request for Refund form. See Revenue Information Bulletin No. 07-015 for additional information.

Mentor-Protégé Credit

Legal Citation: R.S. 47:6027

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Mentor-Protégé tax credit program allows qualifying entities that fulfill the terms of a Mentor-Protégé Agreement to earn a refundable tax credit. Qualifying mentors must possess a favorable financial health, including profitability for at least two years; demonstrate its capability to provide managerial or technical skills transfer or capacity building; and meet the goals and objectives of the Mentor-Protégé Agreement. Qualifying protégés must be certified active in the Small And Emerging Business Development Program or registered and approved in the Small Entrepreneurship Program by the Department of Economic Development and be willing to participate with a mentoring firm. The program is limited to issue $1 million in credits per year and each Mentor-Protégé agreement is limited to $50,000 of credits.

Effective for all income tax years beginning on or after January 1, 2007, and franchise tax years beginning on or after January 1, 2008. This credit sunset December 31, 2011

Carryover of Unused Credits: Unused credits may be carried forward for twenty years.

Specifics: The mentor-protégé tax credit shall be deemed earned on the date of the investment and may be claimed in the tax year in which the investment is made.

Documentation: Certification from the Department of Economic Development must be attached to the return.

Sugarcane Transport Credit

Legal Citation: R.S. 47:6029

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. Effective for costs of conversions or modifications of eligible sugarcane trailers paid on and after January 1, 2009 and before January 1, 2014.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: ***Eligible sugarcane trailer*** means a trailer which hauls sugarcane and meets the requirements of R.S. 32:387.7(B), and which will authorize the owner or operator thereof to obtain an annual special permit for sugarcane vehicles under R.S. 32:387.7 after August 1, 2012.

Ineligible sugarcane trailer means a trailer which has been used to haul sugarcane and which is eligible for an annual special permit under R.S. 32:387.7 as of July 1, 2007, but which does not meet the requirements of R.S. 32:387.7(B).

If the payment of costs for conversion of a trailer extends over one year, the tax credit for the trailer shall be limited to the amount per trailer provided for in Paragraph (1) of this Subsection for the year in which the conversion of the trailer begins.

The tax credit for the following tax years shall be limited to the following amounts of acquisition or conversion costs per trailer:

- $8,500 per trailer paid during 2009.
- $8,000 per trailer paid during 2010.
- $7,500 per trailer paid during 2011.
- $7,000 per trailer paid during 2012.
- $6,500 per trailer paid during 2013.

There shall be no tax credit allowed for costs paid on and after January 1, 2014.

Wind and Solar Energy System Credit

Legal Citation: R.S. 47:6030

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed for the cost of purchase and installation of a wind energy system or solar energy system, or both, by a resident individual at their residence located in Louisiana or by the owner of a residential rental apartment project. In order for costs associated with the purchase and installation of a wind or solar energy system to qualify for this credit, the expenditure must be made on or after January 1, 2008.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: The credit may be claimed if a resident individual purchases a new home with a system installed, a system is purchased and installed at an existing home, or a system is installed at a new or existing apartment project, and will be equal to 50 percent of the first $25,000 of the purchase and installation cost of wind or solar energy systems purchased and installed on or after January 1, 2008.

The credit may be used in addition to any federal tax credits earned for the same system, except that, a taxpayer may not receive any other state tax credit, exemption, exclusion, deduction, or any other tax benefit for property for which a tax credit has been received under this Section.

For additional information on the credits see Emergency Rule LAC 61:I.1907.

Milk Producers Tax Credit

Legal Citation: R.S. 47:6032

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for resident taxpayers engaged in the business of producing milk for sale. The credit will be allowed when the USDA Uniform Price in Federal Order Number 7 drops below the announced production price established by the Department of Agriculture and Forestry any time during the calendar year. Qualified taxpayers are eligible for tax credits based on the production and sale of milk below the announced production price over a calendar year. Effective Date is January 1, 2007

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: The Department of Health and Hospitals must certify to the Department of Revenue, by January 31 of the following year, which milk producers are eligible to receive the credits. Any producer not certified by the Department of Health and Hospitals will not be entitled to the credits.

The credits allowed for each milk producer may not exceed $30,000 per calendar year, and the total amount of tax credits allowed for all producers may not exceed $2.5 million per calendar year.

Apprenticeship Tax Credit

Legal Citation: R.S. 47:6033

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for employers for employing eligible apprentices. The credit is equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice.

The credit is effective for taxable periods beginning after December 31, 2007 and sunsets December 31, 2010.

Carryover of Unused Credits: Credit is allowed in the period in which earned. Unused credits can be carried forward for ten years and expire in the eleventh year.

Specifics: An ***eligible apprentice*** means a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research that has no less than four levels of training and no less than 500 hours of instruction.

Broadway South Tax Credit

Legal Citation: R.S. 47:6034

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: Broadway South is five different income tax credits for musical or theatrical productions or musical or theatrical facility infrastructure projects.

- A credit for the production expenses of the producers of performances;
- A temporary credit for transporting the production's property;
- A credit for the payroll of residents;
- A credit for employing college and vocational-technical students;
- A credit for the construction, repair, or renovation of facilities related to such productions and performances.

Limitation on tax credit:

- Tax credit can not exceed the total base investment in that production or infrastructure project and transportation expenditures.
- The total amount of credits certified for all state-certified infrastructure projects during any calendar year is limited to $60 million.
- Credits will be granted on a first-come, first-served basis.
- If the total amount of credits applied for exceeds $60 million, the excess will be treated as having been applied for on the first day of the subsequent year.
- 50% of the credits granted each year for infrastructure projects are reserved for projects located outside of Jefferson and Orleans parishes.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded. Any used credits may be transferred or sold subject to certain conditions.

Specifics: The Depart of Economic Development, the Commissioner of Administration, and the Office of the Governor shall certify the production or project.

Taxpayers receiving this credit are not eligible for the following credits or rebates:

- Louisiana Quality Jobs Program (R.S. 51:2451 et seq.)
- Motion Picture Investor Tax Credit (R.S. 47:47:6007)
- Sound Recording Investor Tax Credit (R.S. 47:6023)

Musical or theatrical production means the producing, rehearsing, marketing, administration, recording, performing and/or filming of a live musical or theatrical performance in the state before live audiences, the costs of which are not certified for other tax credits provided for in Louisiana law, whether or not there is a charge for admission. Such performances shall include, but not be limited to drama, comedy, comedy revue, opera, ballet, jazz, cabaret and variety entertainment.

(Continued)

State-certified musical or theatrical facility infrastructure project or state-certified infrastructure project means a capital infrastructure project in the state directly related to the production or performance of musical or theatrical productions as defined in this Section, and movable and immovable property and equipment related thereto, or any other facility which supports and is a necessary component of such facility, and any expenditures in the state related to the construction, repair, or renovation of such project, which are certified, verified, and approved as provided for in this Section.

State-certified musical or theatrical production means a musical or theatrical production, or a series of productions occurring over the course of a twelve-month period, and the recording or filming of such production, which originate, are developed, or have their initial public performance before a paying audience within Louisiana, or which have their United States debut within Louisiana, and the production expenditures, expenditures for the payroll of residents, transportation expenditures, and expenditures for employing college and vocational-technical students related to such production or productions, that are certified, verified, and approved as provided for in this Section.

School Readiness Tax Credit

Legal Citation: R.S. 47:6101 through 6109

Applicable to: Individual income tax
Corporation income tax
Corporation franchise tax

In General: Acts 2007, No. 394 enacts several school readiness tax credits as follows:

- The child care expense tax credit grants a credit to individuals based upon the credit provided for child care expenses in R.S. 47:297.4 and the quality rating of the child care facility.
- The child care provider tax credit grants a credit against income or corporation franchise tax based upon the average monthly number of children who either participate in the Child Care Assistance Program administered by the Department of Social Services (DSS) or who are foster children in the custody of DSS and attending facilities operated by a child care provider, multiplied by an amount based upon the quality rating of the facility.
- The child care directors and staff tax credit grants a credit to individuals based upon the staff and directors' qualifications as defined in the Act.
- The business-supported child care tax credit grants a credit against income and franchise tax for a percentage of the eligible child care expenses supported by a business. Eligible expenses are defined in the Act and the percentage allowed is based upon the quality rating of the child care facility the child attends. A credit is also granted for payments by a business of fees and grants to child care resource and referral agencies, not to exceed $5,000 per tax year.

The provisions of this Act are applicable to either of the following, whichever occurs last:

1. Income tax years beginning on or after January 1, 2008, and franchise tax years beginning on or after January 1, 2009; or
2. Income tax years beginning during the calendar year in which the rules providing for a quality rating system are finally promulgated.

Carryover of Unused Credits: **Child care expense tax credit:**

If the credit exceeds the tax liability and federal adjusted gross income is $25,000 or less, it is refunded. If federal adjusted gross income is over $25,000 there is a five-year carryover of unused credit.

Child care provider tax credit:

If the credit exceeds the tax liability, it is refunded.

Credit for child care directors and staff:

If the credit exceeds the tax liability, it is refunded.

Business-supported child care tax credit:

If the credit exceeds the tax liability, it is refunded

Specifics: ***Child*** means people who are five years of age or less.

Child care facility means any entity which the Department of Social Services determines is eligible to participate in the quality rating system according to criteria set forth by rule adopted in the manner provided for in R.S. 47:6103, has applied to the Department of Social Services (DSS) for evaluation under such system, and is participating in the system. Please contact DSS for more information on the quality rating system.

Louisiana Capital Companies Credit

Legal Citation: R.S. 51:1924

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

If applicable, insurance premium tax

In General: Persons who invest in the certified capital of a certified Louisiana capital company may claim an insurance premium tax reduction under R.S. 22:1068(E) or an income tax credit. The income tax credit is 35 percent of the cash investment and is allowed in the tax year in which the investment was made.

The Department of Economic Development, Office of Financial Institutions certifies the investment amount and that the company is a Louisiana capital company and provides for the sale of unused credits.

Carryover of Unused Credits: There is unlimited carryforward of unused credits. Any unused credits may be transferred or sold to another Louisiana taxpayer subject to certain conditions.

Specifics: If the investor chooses to take the insurance premium tax reduction rather than the income tax credit, a request for allocation must be filed with the Department of Economic Development before October first of any calendar year.

This credit, which applies to investors in Louisiana Capital Companies, should not be confused with the five-year corporation income and franchise tax exemption granted to Certified Louisiana Capital Companies by R.S. 51:1932.

Documentation: Taxpayers claiming the credit must attach certification of their eligibility for the credit.

Credit for Cash Donations to the Dedicated Research Investment Fund

Legal Citation: R.S. 51:2203

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed for 35 percent of cash donations to the Dedicated Research Investment Fund. To qualify for the credit, the donation must be $200,000 or more donated within a 12-month period and certified by the Board of Regents.

Carryover of Unused credits: There is unlimited carryforward of unused credits.

Specifics: This credit is administered by the Louisiana Board of Regents who must certify to the Department that the taxpayer is qualified for the credit.

Documentation: To claim the credit, the taxpayer must attach a copy of this certification from the Board of Regents to the tax returns on which the credit is claimed.

Credit for Insurance Company Premium Tax

Legal Citation: R.S. 47:227

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: Insurance companies are entitled to a credit (offset) against their income tax for any insurance premium taxes paid during the preceding 12 months. Insurance premium taxes are paid to the Insurance Commission.

This offset was enacted in 1934.

Carryover of Unused Credits: There is no carryover or refund of credits that exceed the Louisiana tax.

Documentation: To claim the credit, a copy of the premium tax return and cancelled checks in payment of the tax must be attached to the return.

Credit for New Jobs

Legal Citation: R.S. 47:34 and R.S. 47:287.749

Applicable to: Corporation income tax

In General: Employers are allowed a tax credit for hiring new employees for jobs in the state that did not previously exist.

The credit is calculated by multiplying the number of new eligible employees for the tax year by one of the following amounts:

- $100 per eligible new employee;
- $200 if the eligible employee is economically disadvantaged; or
- $225 if the eligible employee is a resident of a neighborhood with an unemployment rate of 10 percent or more.

The credit that may be claimed for a tax year is limited to 50 percent of the employer's tax liability and is calculated by adding the previous years' carryover to the current year's credit.

This credit is effective for tax periods beginning on or after January 1, 1980.

Carryover of Unused Credits: Unused credits may be carried over for five years following the year in which the credit was earned.

Specifics: Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Eligible new employee means a person residing and domiciled in this state hired on a regular full-time basis or part-time basis, if the person is performing duties at least 20 hours per week for at least six months during the tax year.

New economically disadvantaged employee means a new employee who:

- Is a member of a family that receives or would qualify to receive public assistance or whose income does not exceed the poverty level or does not exceed 70 percent of the lower living standard income level;
- Is a foster child on whose behalf state or local government payments are made; or
- Is one of the following, which presents significant barriers to employment:
  1. A client of a sheltered workshop
  2. A handicapped individual
  3. A person residing in an institution or facility providing 24-hour support, such as a prison, hospital, or
  4. A regular outpatient of a mental hospital rehabilitation facility or similar institution.

New employee who is a resident of a neighborhood with an unemployment rate of 10 percent or more means a new employee whose neighborhood, as determined by the Louisiana Department of Employment and Training, has an unemployment rate of 10 percent or more or who is a resident of an enterprise zone.

Documentation: A schedule showing the calculation of the credit must be attached to the return and should include the following information:

- Name, address, and social security number of each new employee;
- Highest number of full-time and qualified part-time employees during the previous year;
- Highest number of full-time and qualified part-time employees during the current year;
- Number of new employees hired for new jobs created during this tax year; and
- Amount of credit carried forward from previous years.

Credit for Neighborhood Assistance

Legal Citation: R.S. 47:35 and R.S. 47:287.753

Applicable to: Corporation income tax

In General: The Commissioner of Administration may allow a tax credit of up to 70 percent of contributions for providing neighborhood assistance, job training and education for individuals, community services, crime prevention, etc. The commissioner determines the projects that qualify and the amount of the credit.

This credit is effective beginning July 22, 1982.

Carryover of Unused Credits: There is a five-year carryforward of unused credits.

Specifics: To apply for the credit the business entity must draft a proposal that sets forth the program to be conducted, the neighborhood area to be served, why the program is needed, the estimated amount to be invested in the program, and the plans for implementing the program.

The business entity then submits the proposal to the agency of the local government that has adopted an overall community or neighborhood development plan and is within the area in which the business firm is engaging in such activities and the proposal must be endorsed by that local government agency as being consistent with its development plan.

Once endorsed by the local government, the business entity must submit the proposal to the Commissioner of Administration for approval.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Credit for Refunds by Utilities

Legal Citation: R.S. 47:265 and R.S. 47:287.664

Applicable to: Corporation income tax

In General: Utilities are allowed to take an income tax credit in lieu of a deduction from gross income for income tax increases that result because of the denial of a proposed rate increase. The net operating loss provisions of R.S. 47:287.86 have replaced the benefit of this credit.

Carryover of Unused Credits: There is a two-year carryforward of unused credits.

Specifics: If a utility issues refunds to its customers because a court or regulatory agency has denied a proposed rate increase and the amounts which, if taken as a deduction from gross income in the year paid would result in a net loss, the utility may take a credit against its Louisiana income tax for the income tax increase that resulted because of inclusion of the amounts refunded in gross income in the year or years received regardless of whether the period in which the amount refunded was included in gross income.

Credit for Hiring Eligible Re-entrants

Legal Citation: R.S. 47:287.748

Applicable to: Corporation income tax

In General: A credit is allowed for hiring, in full-time jobs, eligible re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program under R.S. 15:574.4.

The credit is $150 per eligible re-entrant and is comprised of the current year credit plus any carryover. The credit cannot exceed 50 percent of the tax liability.

This credit is effective for tax years beginning after December 31, 1986.

Carryover of Unused Credits: There is a five-year carryforward of unused credits.

Specifics: ***Eligible re-entrant*** is a person:

- Residing and domiciled in this state who has been convicted of a felony and who has successfully completed the Intensive Incarceration Program;
- Who has been employed by the taxpayer in a full-time position in this state performing such duties at least 30 hours per week for at least six consecutive calendar months; and
- Who, since release from custody and prior to this current employment, has not been employed in a full-time position for six months or more.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Louisiana Capital Investment Tax Credit

Legal Citation: R.S. 51:2771

Applicable to: Corporation franchise tax

In General: Companies may apply for a tax credit for the capital costs of constructing or acquiring a qualifying project. The tax credit is five percent of the qualifying capital costs per year for 20 years beginning with the year that the project is placed in service. The credit may not exceed 100 percent of the qualifying capital costs.

This credit is null and void effective June 30, 2000. However, credits granted prior to June 30, 2000, will be effective for the remainder of the 20-year period.

Carryover of Unused Credits: No carryover of unused credits.

Specifics: Companies receiving this tax credit are not eligible for a tax exemption contract for the new manufacturing establishments under R.S. 47:3201 et seq.

Qualifying projects must meet one of the following criteria:

- a project with capital costs of at least $20 million and the prominent business activity is industrial, warehousing, or research.
- a small business addition with capital costs of at least $1 million and the prominent business activity is industrial, warehousing, or research.
- a headquarters facility with capital costs of at least $20 million.

In addition, to receive the capital credit, one of the following must occur:

- For projects qualifying *other* than under the small addition provision, not less than 20 jobs for new employees must be created.
- For projects qualifying under the small addition provision, not less than 10 jobs for new employees must be created

Atchafalaya Trace Heritage Area Development Zone Tax Exemption

Legal Citation: R.S. 25:1226.4

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Board of Commerce and Industry, after receiving approval from the review board consisting of the secretaries of the Department of Revenue and Culture, Recreation and Tourism, chairmen of the Atchafalaya Trace Heritage Area Commission, House Committee on Ways and Means, and Senate Revenue and Fiscal Affairs Committee and the executive director of the Atchafalaya Trace Commission, with the approval of the governor, may enter into contracts with heritage-based cottage industry concerns located in the development zone to grant tax credits to promote economic development and the creation of new jobs.

The credits that may be granted are:

- a $750 credit for the business, and
- a $750 credit for each new development zone resident employee.
- Effective August 15, 2007 both credits may be granted for up to $1,500.

The tax credit contract is for five years. The development zone covers the 13 parishes of St. Mary, Iberia, St. Martin, St. Landry, Avoyelles, Pointe Coupee, Iberville, Assumption, Terrebonne, Lafayette, West Baton Rouge, Concordia, and East Baton Rouge.

Carryover of Unused Credits: Unused credits may be carried forward for 10 years.

Specifics: Taxpayers interested in this contract should contact the Department of Economic Development.

No new applications to receive tax exemptions or credits will be accepted on or after January 1, 2012.

Documentation: To claim the credit, the taxpayer must attach a copy of the contract to the return.

Biomedical Research and Development Parks and University Research and Development Parks

Legal Citation: R.S. 46:813.1 and R.S. 17:3389

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Sales tax
Other taxes imposed by the state

In General: The Board of Commerce and Industry, with the approval of the Governor and the Joint Legislative Committee, can grant exemption contracts to promote biomedical or university research and development parks. Taxpayers interested in this contract should contact the Department of Economic Development.

Carryover of Unused Credits: Unused credits may be carried forward for 10 years.

Documentation: To claim the credit, the taxpayer must attach a copy of the contract from the Department of Economic Development to the tax returns on which the credit is claimed.

Tax Equalization

Legal Citation: R.S. 47:3202

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Sales tax
Any other state tax

In General: The Board of Commerce and Industry, with the approval of the Governor, may grant companies various state tax exemptions to equalize the taxes paid to Louisiana with the taxes that would be paid to another state where the company is located or is contemplating locating. This credit is available to businesses that locate new headquarters, new manufacturing, or new warehousing and distribution establishments in the state and to existing manufacturing industries, headquarters, and warehousing and distribution establishments located in the state.

Taxpayers interested in this contract should contact the Department of Economic Development.

Documentation: To claim the credit, the taxpayer must attach a copy of the contract from the Department of Economic Development to the tax returns on which the credit is claimed.

Manufacturing Establishments

Legal Citation: R.S. 47:4305

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Sales tax
Any other state tax

In General: The Board of Commerce and Industry, with the approval of the Governor and the Legislative Budget Committee, can grant exemptions to new or existing manufacturing businesses.

Taxpayers interested in this contract should contact the Department of Economic Development.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Documentation: To claim the credit, the taxpayer must attach a copy of the contract from the Department of Economic Development to the tax returns on which the credit is claimed.

Cane Rive Heritage Tax Credit

Legal Citation: R.S. 47:6026

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Department of Culture, Recreation and Tourism may enter into contracts for periods not exceeding five years with a heritage-based cottage industry in order to facilitate the tax credits authorized by this Section. No contract shall be granted for any exemptions or credits which are not directly related to the concern located within the development zone, and no tax exemption or credit shall be granted for any tax or portion of a tax applicable to operations or activities of a concern located outside of the development zone.

The credits that may be granted are:

- a $1,500 credit for the business, and
- a $1,500 credit for each new development zone resident employee.

Carryover of Unused Credits: Unused credits may be carried forward for 10 years.

Specifics: Taxpayers interested in this contract should contact the Department of Culture, Recreation and Tourism.

No new applications to receive tax exemptions or credits will be accepted on or after January 1, 2012.

Heritage-based cottage industry means a small business with no more than twenty full- or part-time employees or an individual who is sustainably harnessing the Cane River Heritage Area's cultural heritage and natural heritage resources for purposes which include interpreting, accessing, developing, promoting, or reinforcing the unique character and characteristics of the heritage area.

Heritage-based cottage industry shall not include hotels, motels, restaurants, gaming facilities, churches, and housing.

In order to qualify as a heritage-based cottage industry, for purposes of this Section, the owner of the business must be a resident of the heritage area development zone.

Documentation: To claim the credit, the taxpayer must attach a copy of the contract to the tax returns on which the credit is claimed.

LA Community Economic Development

Legal Citation: R.S. 47:6031

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Acts 2007, No. 374 provides for a tax credit against income and corporation franchise tax for 25 percent of the money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution. Effective from July 10, 2007 to August 15, 2010.

Carryover of Unused Credits: Unused credits may be carried forward for 5 years.

Specifics: The credit must be approved by the Department of Economic Development and is limited to $500,000 per year per individual or $1 million per year per business and $1 million total per individual and $2 million total per business.

Documentation: A copy of the certification and approval from the Department of Economic Development must be attached to the return.

Enterprise Zone

Legal Citation: R.S. 51:1787

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
State and local sales taxes

In General: The Board of Commerce and Industry, with the approval of the Governor, may grant certain tax credits and exemptions to businesses that locate in areas designated as enterprise zones. A new-jobs credit of $2,500 per qualifying net new employee can be applied against corporation franchise and state income taxes. This credit is $5,000 for the aviation, aerospace, motor vehicle parts manufacturing until June 30, 2009 and rubber manufacturing industries until June 30, 2012. These industries are defined by their North American Industry classification System (NAICS) codes. The new position must be located in Louisiana and the employee must be U.S. citizens and domiciled in Louisiana or establish domicile in Louisiana within 60 days of their employment. This section is effective July 6, 2007.

For contracts entered into on or after July 1, 2007, a business qualifies if 35 percent of its employees are residents of any enterprise zone, not just an enterprise zone in the same parish as the business or an enterprise zone in a contiguous parish as that of the business.

Effective July 10, 2007, taxpayers are given the option between the sales and use tax rebate and a refundable investment income tax credit equal to 1.5 percent of qualified expenditures. The rebate of state and local sales and use tax is on the purchase of material used in building construction or improvement and sales tax on machinery and equipment used in the enterprise.

For the investment credit, qualified expenditures are defined as amounts classified as capital expenditures for federal income tax purposes plus exclusions from capitalization provided for in Internal Revenue Code Section 263(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent the capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building.

Carryover of Unused Credits: ***New-jobs credits:*** unused credits may be carried forward for 10 years.

Rebate of sales and use tax: the rebate is refunded.

Investment income tax credit: the credit is refunded.

Specifics: This credit becomes null and void on June 30, 2012.

Taxpayers interested in this contract should contact the Department of Economic Development.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Documentation: ***New-jobs credits:*** A schedule detailing the calculation of the credit and copies of the contact issued by the Department of Economic Development and the employee certification report must be attached to the return.

Rebate of sales and use tax: The rebate is claimed on the Enterprise Zone Program Claim for Rebate of Louisiana State Sales/Use Taxes Paid Form. The form is issued with a packet of information that details what documentation must be submitted.

Investment income tax credit: Taxpayers with Enterprise Zone contracts that allow them to take the Investment Tax Credit will claim the credit on Form R-1039, "Enterprise Zone Refundable Investment Income Tax Credit Claim for Refund" and attached the following:

- Information detailing each line on the above mentioned form; and
- A copy of the contract issued by the Department of Economic Development.

Urban Revitalization Tax Incentive Program

Legal Citation: R.S. 51:1801 through 1808

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Department of Economic Development (DED) is required to designate approximately 25% of the U.S. census divisions in the state as urban revitalization zones. The zones are limited to parishes with populations in excess of 75,000 persons. DED may contract for up to ten years with businesses in the zones for exemption from all or a portion of income and franchise taxes. DED may also contract for credits of $5,000 per new employee, with a two-year carryforward.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refundable.

Specifics: Taxpayers receiving incentive tax credits under the Enterprise Zone Program (R.S. 51:1781 et seq.) are not eligible to receive this tax credit.

Taxpayers interested in this program should contact the Department of Economic Development.

Documentation: Certification from the Department of Economic Development must be attached to the return.

Technology Commercialization Credit and Jobs Program

Legal Citation: R.S. 51:2351 through 2356

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Acts 2007, No. 401 reestablished and revised the Technology Commercialization tax credit. The purpose of this credit is to induce companies purchasing the rights to commercialize technology produced at a Louisiana university to locate and grow their businesses in Louisiana. A qualifying business that invests in the commercialization of Louisiana technology may be granted a refundable credit of forty percent of the amount of money invested by the taxpayer applicant in commercialization costs for one business location.

A qualifying business may also receive a refundable tax credit based on new jobs created equal to six percent of the gross payroll of the new direct jobs as verified by the Department of Economic Development. At least five new direct jobs paying at least $50,000 a year must be created.

This credit is effective July 10, 2007 and no new credits will be granted or earned after December 31, 2011.

Carryover of Unused Credits: If the credit exceeds the tax liability, it is refunded.

Specifics: Taxpayers interested in this contract should contact the Department of Economic Development.

Taxpayers receiving these incentive contracts are not eligible for the following credits or exemptions:

- Louisiana Basic Skills Training Tax Credit (R.S. 47:6009)
- The Enterprise Zone sales tax rebate and income tax credits (R.S. 51:1787)
- Neighborhood Assistance Credit (R.S. 47:287.753)
- New Jobs Credit (R.S. 47:34 & 47:287.749)
- Credit for Employment of the Previously Unemployed (R.S. 47:6004)
- Credit for Alcohol and Substance Abuse Programs for Employees (R.S. 47:6010)
- Credit for Hiring Eligible Re-entrants (R.S. 47:287.748)
- Louisiana Quality Jobs Program (R.S. 51:2451 et seq.)

Documentation: Certification from the Department of Economic Development must be attached to the return.

Quality Jobs Program

Legal Citation: R.S. 51:2455 through 2462

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Board of Commerce and Industry, after consulting with the secretaries of the Department of Labor and the Department of Revenue, and with the approval of the governor, may enter into contracts with qualifying basic industry establishments to grant tax credits to promote economic development and the creation of new jobs.

The incentive is the net benefit rate provided by the Department of Economic Development multiplied by the gross payroll of new direct jobs created as a result of the establishment locating in the state of Louisiana.

For original contracts entered into before May 1, 2002, the incentive was a refundable tax credit. For original contracts, or their renewals, entered into on or after May 1, 2002, the incentive is a rebate.

An original contract can be entered into for a period of up to five years, and the contract may be renewed for an additional five years. No new applications can be approved on or after January 1, 2012. Employers whose applications were approved before that date can continue to receive incentives, according to terms of their agreement with the state, as long as they retain their eligibility.

For contracts entered into on or after June 30, 2007, Acts 387 of the 2007 Regular Legislative Session changed the requirements for an employer to qualify for the rebate.

Carryover of Unused Credits: This credit is refunded or rebated if it exceeds the taxpayer's tax liability depending on the original contract date.

Specifics: Taxpayers interested in this contract should contact the Department of Economic Development.

Taxpayers receiving these incentive contracts are not eligible for the following credits or exemptions:

- Louisiana Basic Skills Training Tax Credit (R.S. 47:6009)
- Credit for Each Qualifying New Employee in an Enterprise Zone (R.S. 51:1787)
- Neighborhood Assistance Credit (R.S. 47:287.753)
- New Jobs Credit (R.S. 47:34 & 47:287.749)
- Credit for Converting Vehicles to Alternative Fuels Usage (R.S. 47:38 & 47:287.757)
- Credit for Employment of the Previously Unemployed (R.S. 47:6004)
- Credit for Alcohol and Substance Abuse Programs for Employees (R.S. 47:6010)
- Credit for Hiring Eligible Re-entrants (R.S. 47:287.748)
- Exemption for Manufacturing Establishments by Board of Commerce and Industry (R.S. 47:4301-4306)

Documentation: Taxpayers should submit the rebate claim on Form R-1040, Quality Jobs Income Tax Rebate Claim. A copy of the contract with the State Board of Commerce and Industry must be attached to the claim.

Louisiana Community Development Financial Institution Investment Credit

Legal Citation: R.S. 51:3075 through 3088

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Taxpayers are allowed a credit of 75% of an investment in a Louisiana Community Development Financial Institution (LCDFI). A LCDFI is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low income communities. The LCDFI corporations themselves are exempt from corporation income and franchise tax for five consecutive taxable periods.

Carryover of Unused Credits: The credit is transferable and can be carried forward indefinitely.

Specifics: The program terminates on July 1, 2009 however, provisions relevant to any granted credit continues to apply until July 1, 2012.

The Office of Financial Institutions maintains policy and guidelines. Taxpayers interested in this program should contact the Office of Financial Institutions.

Individual Income Tax Exemptions, Exclusions, and Deductions

Individual Income Tax Exemptions, Exclusions, and Deductions

1. Exemption for Interest on State or Local Government Obligations

Legal Citation: R.S. 47:48, R.S. 47:287.71(B)(4) and 47:293(9)(b)

Effective Date: 1934

In General: Interest received on obligations issued by the State of Louisiana or its political or municipal subdivisions, is excluded from gross income.

2. Exemption for Estate or Trust

Legal Citation: R.S. 47:300.6(B)(2)(c)

Effective Date: Taxable periods beginning after December 31, 2000

In General: A resident estate or trust is allowed an exemption that when combined with the federal exemption totals $2,500.

3. Annual Retirement Income Exclusion

Legal Citation: R.S. 47:44.1(A)

Effective Date: Tax periods beginning after December 31, 1980

In General: Persons 65 years or older may exclude up to $6,000 of annual retirement income from their taxable income. On a married filing joint return the non-retiree spouse may not exclude the annual retirement income received by the retiree spouse. If both spouses are retirees, each spouse may exclude up to $6,000 of that spouse's annual retirement income. The total combined exclusion cannot exceed $12,000.

Certain married taxpayers may be eligible for an increase in the amount of this exemption for tax years 2003 and 2004. See Revenue Information Bulletin No. 05-015 for information regarding the filing of amended return procedure.

4. Disability Income Exclusion

Legal Citation: R.S. 47:44.1(B)

Effective Date: January 1, 2001

In General: Persons receiving disability income for a permanent total disability may exclude up to $6,000 of annual disability income from their taxable income.

5. Federal Retirement Benefits Exclusion

Legal Citation: R.S. 47:44.2

Effective Date: 1988 and Subsequent tax periods

In General: Federal retirement benefits received by federal retirees, both military and nonmilitary, may be excluded from Louisiana taxable income.

6. State Employees, Teachers, and Other Retirement Benefits Exclusion

In General: Individuals receiving benefits from certain retirement systems are allowed to exclude those benefits from their Louisiana tax-table income. Acts 68 and 69 of 1991, amended and reenacted R.S. 33:7203 and R.S. 40:427.2(E), relative to Municipal and State Police Employees Retirement Systems, to provide that deferred retirement option plan funds are exempt from state income tax.

Legal Citations:

R.S. 11:405	State Employees' Retirement System
R.S. 11:570	Funded Judicial Retirement Plan
R.S. 11:1378	Non-contributory Judicial Retirement Plan beginning after December 30, 1980
R.S. 11:704	Teachers' Retirement System
R.S. 11:704	Teachers' Retirement System of Orleans Parish
R.S. 11:1003	Louisiana School Employees' Retirement System
R.S. 11:1331	Louisiana State Police Pension and Retirement Fund
R.S. 11:1391	Pension for Confederate Veterans and Widows of Confederate Veterans
R.S. 11:1403	Assessors' Retirement Fund
R.S. 11:1526	Clerks' of Court Retirement and Relief Fund
R.S. 11:1583	District Attorneys' Retirement System
R.S. 11:1735	Municipal Employees' Retirement System of Louisiana
R.S. 11:1735	City of Baton Rouge Retirement System
R.S. 11:1735	Employees' Retirement System of East Baton Rouge Parish
R.S. 11:1735	Employees' Retirement System of City of Shreveport
R.S. 11:1905	Parochial Employees' Retirement System
R.S. 11:1905	Employees' Retirement System of Jefferson Parish
R.S. 11:3014	City of Alexandria Employees' Retirement System
R.S. 11:3051	City of Bogalusa Employees' Retirement System
R.S. 11:2033	Registrar of Voters Employees' Retirement System
R.S. 11:2182	Sheriffs' Pension and Relief Fund
R.S. 11:2228	Municipal Police Employees' Retirement System
R.S. 11:2228	Policemen's Pension and Relief Fund of the City of Shreveport
R.S. 11:2263	Firefighters' Retirement System
R.S. 11:3140	Firefighters' Pension and Relief Fund for the Consolidated Fire Districts Bastrop
R.S. 11:3161	Firefighters' Pension and Relief Fund for Baton Rouge
R.S. 11:3171	Firefighters' Pension and Relief Fund for Bogalusa
R.S. 11:3205	Bossier City Firemen's Pension and Relief Fund
R.S. 11:3294	Lafayette (City of) Firemen's Pension and Relief Fund
R.S. 11:3345	Monroe Firemen's Pension and Relief Fund
R.S. 11:3389	Firefighters' Pension and Relief Fund of New Orleans
R.S. 11:3513	City of Monroe Police Pension and Relief Fund
R.S. 11:3566	Policemen's Pension and Relief Fund for Alexandria
R.S. 11:3568	Bossier City Policemen's Pension and Relief Fund
R.S. 11:3608	Lafayette (City of) Policemen's Pension and Relief Fund
R.S. 11:3658	Policemen's Pension and Relief Fund for the Department of the City of New Orleans
R.S. 11:3691	Harbor Police Retirement System (Port of New Orleans)
R.S. 11:3770	Bus Drivers' Pension and Relief Fund of the City of Monroe
R.S. 11:3800	Electrical Workers' Pension and Relief Fund of the City of Monroe
R.S. 11:3823	Employees' Retirement System of the Sewage and Water Board of the City of New Orleans
R.S. 11:3823	New Orleans (City of) Employees' Retirement System
R.S. 17:1613	Louisiana State University Retirement System
R.S. 47:44.2	Railroad Retirement System Benefits
R.S. 47:44.2	Social Security Retirement Benefits
R.S. 47:52	Disability Pay to World War II Veterans
U.S.C.A. 45:231m	Railroad Retirement Supplemental

Effective Date: Various (1946 and subsequent years)

7. Military Pay Exclusion

Legal Citation: R.S. 47:293(9)(e)

Effective Date: Effective for tax periods beginning after December 31, 2002

In General: An individual who is on active full time duty as a member of the armed forces can exclude compensation paid for services performed outside this state by the armed forces for the first $30,000 from taxable income.

Full-time duty is defined as duty that is or will be continuous and uninterrupted for 120 consecutive days or more.

Acts 2007, No. 160 removed the sunset date for this exclusion.

8. S Bank Income Exclusion

Legal Citation: R.S. 47:293(10); R.S. 47:293(9)(a)(vii); R.S. 47:297.3; R.S. 47:300.6(B)(2)(d); R.S. 47:300.7(C)(2)(c)

Effective Date: Tax periods beginning after December 31, 2002

In General: Individuals may exclude income they received from banks organized as S corporations. No exclusion exists for individuals prior to January 1, 2003.

9. Federal Income Tax Deduction

Legal Citation: La. Const., art. VII, Part I, § 4(A) (West 2001); R.S. 47:293(4); R.S. 47:293(9); R.S. 47:300.6; R.S. 47:300.7

Effective Date: 1974

In General: A deduction is allowed for federal income tax paid on income that is taxed by Louisiana.

Act 23 of the 2005 First Extraordinary Legislative Session amends R.S. 47:287.93(3) to provide that the Louisiana federal income tax deduction is not to be reduced by the amount of any federal income tax credits determined to be disaster relief credits granted for the Hurricane Katrina or Hurricane Rita presidential disaster areas, as well as the amount by which a person's federal income tax was decreased as a result of claiming a federal deduction for casualty losses. Effective for taxable periods beginning after December 31, 2003 as amended by Act 25 of the 2006 First Extraordinary Legislative Session.

Act 25 of the 2006 First Extraordinary Legislative Session amends R.S. 47:293(6)(a)(xi) to provide for a Louisiana income tax deduction for expenses that are disallowed under IRC 280C for wage and salary expense. Effective for taxable periods beginning after December 31, 2003. See Revenue Information Bulletin 06-017 for guidance.

10. Deduction for Adaptive Home Improvements for Disabled Individuals

Legal Citation: R.S. 47:59.1; R.S. 47:77

Effective Date: June 7, 1994

In General: Individuals with permanent disabilities are allowed to deduct up to $5,000 in expenses incurred for disability adaptations made to their primary residence. To qualify for the deduction, the disabled individual's gross family income must be $50,000 or less.

In computing the deduction, R.S. 47:77 provides that personal living expenses, amounts paid that increase the value of the residence, amounts expended in restoring property, or life insurance premiums paid are not deductible.

11. Dependent Exemption/Deduction

Legal Citation: R.S. 47:79(B), which was superseded by R.S. 47:294(B)

Effective Date: January 1, 1935

In General: A $1,000 deduction from the lowest tax bracket is allowed for each dependent

12. Deduction for Construction Code Retrofitting

Legal Citation: R.S. 47:293(2); R.S. 47:293(9)(a)(vii)

Effective Date: July 11, 2007 for tax years beginning on and after January 1, 2008

In General: A deduction is allowed for voluntarily retrofitting an existing residential structure for which the taxpayer claims the homestead exemption.

"Voluntarily retrofitting an existing residential structure" means that the retrofitting is not a construction, reconstruction, alteration, or repair of the structure required by the State Uniform Construction Code because the structure is a new residential structure or because of damage or destruction of an existing residential structure.

The deduction is equal to 50 percent of the cost paid or incurred on or after January 1, 2007, less any other state, municipal or federal-sponsored incentives. The total amount of deduction granted may not exceed $5,000 per retrofitted residential structure, and will be claimed on the return for the taxable year in which the work is completed.

Documentation: To qualify, proof must be submitted with the return that the work completed complies with the State Uniform Construction Code, together with any information verifying the total cost of the project and that the project was a voluntary project.

13. Excess Federal Itemized Deductions

Legal Citation: R.S.47:293(3) and (9)(a)(xi), Reestablished by Acts 2007, No. 399

Effective Date: Tax periods beginning after December 31, 2006

In General: Taxpayers are allowed to deduct federal itemized deductions that are in excess of the federal standard deduction.

Acts 2007, No. 399 amends R.S. 47:293 to allow for the deduction of federal itemized deductions that exceed the federal standard deduction. The deduction is phased in over three years.

- In 2007, a deduction for 57.5 percent of "excess itemized deductions" is allowed.
- In 2008, the allowable percentage is 65 percent.
- For tax years 2009 and forward the deduction is for 100 percent of excess itemized deductions.

14. Deduction for Hurricane Recovery Entity Benefits

Legal Citation: R.S. 47:293(5) and R.S. 47:293(9)(a)(i)

Effective Date: July 6, 2007 but is retroactive

In General: Individuals who received funds from a hurricane recovery entity and were required to include those funds on their federal income tax return are allowed a deduction for such funds. The deduction is for hurricane recovery benefits provided by the Road Home Corporation, the Louisiana Recovery Authority and the Louisiana Family Recovery Corps.

15. Deduction for Recreation Volunteer

Legal Citation: R.S. 47:293(7)(a) and R.S. 47:293(9)(a)(xii)

Effective Date: January 1, 2007

In General: A $500 deduction for recreation department volunteers is allowed for volunteers who volunteer a minimum of 30 hours in a calendar year and receive a written certification from the recreation department that they have completed the required number of service hours.

16. Deduction for Volunteer Firefighter

Legal Citation: R.S. 47:293(7)(a) and R.S. 47:293(9)(a)(xii)

Effective Date: January 1, 2007

In General: A $500 deduction for volunteer firefighters who complete 24 hours of continuing education during the calendar year and are either an active member of the Louisiana State Fireman's Association or on the personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program.

17. Deduction for START Savings Program Contribution

Legal Citation: R.S. 47:293(9)(a)(vi) and (vii)

Effective Date: July 1, 2000

In General: Contributions made to the Louisiana Student Tuition Assistance and Revenue Trust Program (START) can be deducted from adjusted gross income beginning on or after January 1, 2001. START account owners filing a single or married filing separately tax return may exempt up to a maximum of $2,400 for an established START account. An account owner filing a joint return may exempt up to a maximum of $4,800 per beneficiary of an established START account.

A taxpayer who donates money into an educational savings account classified under R.S. 17:3096(A(1)(e) can exempt twice the amount contributed into the account. The maximum exemption possible for a taxpayer filing a single return is $4,800 and $9,600 for taxpayers filing a joint return.

The contribution is deducted on Schedule E of the resident return. For nonresidents and part-year residents the deduction is included as an adjustment to income. An individual may elect to have their income tax overpayment deposited into their START account.

Any funds withdrawn from the account to pay expenses other than tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution and room and board for students must be included in taxable income

18. Deduction for I.R.C. Section 280(C) Wage Expense

Legal Citation: R.S. 47:293(9)(a)(ix)

Effective Date: Effective for taxable periods beginning after December 31, 2003.

In General: A deduction is allowed for expenses that are disallowed under IRC 280C for wage and salary expense.

In computing federal adjusted gross income the taxpayer who is eligible for certain wage based credits has a federal election to either deduct the wage expenses or take more valuable federal income tax wage credit. Under IRC 280C, if an employer elects to claim the credits, the employer must also reduce his or her federal deduction for wage and salary expense by the dollar amount of certain credits claimed. This deduction allows the taxpayer to reduce their federal adjusted gross income by the amount of the deduction that was disallowed for their salary or wage expenses for federal income tax purposes

Documentation: Attach a copy of Federal Form 3800 that indicates the credit plus the appropriate form for the credit.

19. Deduction for Teachers

Legal Citation: R.S. 47:293(9)(a)(x) and (11)(a)

Effective Date: Effective for tax years beginning in 2007 and 2008 only.

In General: A $1,000 deduction for individuals who were previously employed as a public school classroom teacher in Jefferson, Orleans, Plaquemines, St. Bernard, and St Tammany parishes and who signed a contract to be employed as a public school classroom teacher for at least three years.

Documentation: A copy of the written agreement of employment between the employee and the school board detailing the date signed and length of agreement must be attached to the return.

20. Personal Exemption-Standard Deduction

Legal Citation: R.S.47:294(A)

Effective Date: January 1, 1935

In General: Taxpayers are allowed a personal exemption and a standard deduction from tax-table income. The amount is deducted from the lowest tax bracket. The combined personal exemption-standard deduction is $4,500 for taxpayers filing single or separate returns and $9,000 for taxpayers filing joint returns or as head of household.

21. Deduction for Military Family Assistance Fund

Legal Citation: R.S. 47:297.5

Effective Date: June 28, 2005

In General: Activated military personnel or family members of activated military personnel who receive payments or awards from the Louisiana Military Family Assistance Fund are allowed a deduction of the payments received.

Corporation Income Tax Exemptions, Exclusions, and Deductions

Corporation Income Tax Exemptions, Exclusions, and Deductions

1. Credit Union Exemption

Legal Citation: R.S. 6:662

Effective Date: July 1, 1924

In General: Credit unions are exempt from all taxes except for taxes on immovable property owned. The shares of a credit union are not subject to a stock transfer tax when issued by the corporation or when transferred from one member to another. No fees or taxes, nor any of the stipulations as to capital stock set forth in general statutes for corporations apply to credit unions.

2. Exemption for Certain Foreign Corporations

Legal Citation: R.S. 12:302(K) and R.S. 12:302(L)

Effective Date: 1968

In General: Certain foreign corporations operating as mutual savings banks, mutual savings funds societies, real estate investment trusts, state banks or trust companies, insurance companies, corporations associated with real estate investment trusts, group insurance and annuity corporations, and nonprofit or nontrading corporations are exempt from state corporation income tax.

3. Exemption for Electric Cooperatives

Legal Citation: R.S. 12:425

Effective Date: July 1, 1940

In General: Electric cooperatives are exempt from all excise and income taxes, except for the $10 fee for each 100 persons, or fraction thereof, to whom electricity is supplied within the state.

4. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium Facilities

Legal Citation: R.S. 39:467

Effective Date: May 23, 1985

In General: Any event, activity, or enterprise conducted in certain domed-stadium facilities is exempt from all state and local taxes.

5. Exemption for Events, Activities, or Enterprises Conducted in Publicly-Owned Facilities

Legal Citation: R.S. 39:468

Effective Date: May 23, 1985

In General: Any event, activity, or enterprise conducted in certain publicly owned facilities is exempt from all state taxes provided that the local taxing authority provides exemption from local taxes.

6. Exemption for State Banking Corporations and Shareholders

Legal Citation: R.S. 47:8, R.S. 47:121(2), and R.S. 47:287.71(B)(6)

Effective Date: July 1, 1966

In General: R.S. 47:121(2) exempts state banking corporations from corporation income tax.

Dividends from state banking corporations are excluded from the gross income of corporations. R.S. 47:287.71(B)(6) excludes "[a]mounts received as dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation."

7. Exemption for Dividends from National Banking Corporations

Legal Citation: R.S. 47:42 and R.S. 47:287.71(B)(6)

Effective Date: 1934

In General: Dividends from national banking corporations are excluded from the gross income of corporations. R.S. 47:287.71(B)(6) excludes "[a]mounts received as dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation."

8. Exemption for Interest on State or Local Government Obligations

Legal Citation: R.S. 47:48 and R.S. 47:287.71(B)(4)

Effective Date: 1934

In General: Interest received on obligations issued by the State of Louisiana, or its political or municipal subdivisions, is excluded from gross income.

9. Exemption for Certain Corporations, Organizations, Etc.

Legal Citation: R.S. 47:121(l)-(15); 47:287.501(A), 47:287.501(B)(l), and 47:287.521(A)

Effective Date: 1934

In General: Certain organizations described in the Internal Revenue Code sections 401(a) or 501 are exempt from corporation income tax to the extent that those organizations are exempt from federal taxation. Other organizations are exempt as provided for in the Louisiana corporation income tax statute. The following is a list of exempt entities:

1. Labor, agricultural, and horticultural organizations that are educational or instructive in character, and are designed to encourage the development of agricultural and horticultural products. The income from these organizations must be used exclusively to meet the necessary expenses of upkeep and operation.
2. Mutual savings banks, national banking corporations, and banking corporations organized under the laws of the State of Louisiana, who pay a tax for their shareholders, or whose shareholders pay a tax on their shares of stock under other laws of this state, and building and loan associations.
3. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to members of the society, order, or association or their dependents.
4. Nonprofit cemetery companies owned and operated exclusively for the benefit of their members.

5. Any corporation, community chest, or fund, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals.
6. Business leagues, chambers of commerce, real estate boards, or boards of trade not organized for profit and no part of the net earnings benefits any private shareholder or individual.
7. Nonprofit civic leagues or organizations operated exclusively for charitable, educational, or recreational purposes.
8. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes.
9. Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.
10. Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses or expenses.
11. Certain farmers, fruit growers, or like associations organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment.
12. Corporations organized by exempt farmers' cooperatives to finance crop operations of members.
13. Corporations organized for the exclusive purpose of holding title to property, collecting income there from, and turning over the entire amount thereof, less expenses, to organizations that are organized and operated exclusively for religious, charitable, scientific, literary, and educational purposes. No part of the net earnings can benefit any private stockholder.
14. Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of the association or their dependents.
15. Teachers' retirement fund associations of a purely local character, if no part of their net earnings (other than through payment of retirement benefits) benefits a private shareholder or individual, and if the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income in respect of investments.

10. Exclusion for Governmental Subsidies for Operating Public Transportation Systems

Legal Citation: R.S. 47:51 and 47:287.71(B)(2)

Effective Date: Tax periods beginning on or after 1-1-79

In General: Funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system are excluded from gross income.

11. Exclusion for Income from Carriage on the High Seas

Legal Citation: R.S. 47:53

Effective Date: 1942

In General: Income derived from commerce on the high seas is excluded from gross income. At the time this exclusion was passed in 1942, Louisiana taxed domestic corporations on income from all sources. Since the law was changed to tax only income derived from sources within the state, the apportionment method should achieve the same result.

12. Subchapter S Corporation Exclusion

Legal Citation: R.S. 47:287.732

Effective Date: Tax periods beginning on or after 1-1-91

In General: Corporations classified as “S” corporations under Subchapter “S” of the Internal Revenue Code may exclude a percentage of their Louisiana net income to arrive at taxable income. The percentage is determined by dividing the number of issued and outstanding shares of capital stock of the “S” corporation owned by Louisiana resident individuals on the last day of the corporation’s tax year by the total number of issued and outstanding shares of capital stock of the corporation on the last day of the corporation’s tax year. No share can go into the numerator unless its owner has, for the tax year of inclusion, filed a correct and complete Louisiana individual income tax return as a resident.

13. Percentage Depletion Deduction

Legal Citation: R.S. 47:158(C) and R.S. 47:287.745

Effective Date: 1934

In General: In computing net income for oil and gas wells, taxpayers may deduct the federal cost depletion amount or 22 percent of the property’s gross income limited to 50 percent of the net income from the property calculated without the deduction for depletion, whichever is greater.

14. Net Operating Loss Deduction

Legal Citation: R.S. 47:246 and R.S. 47:287.86

Effective Date: Tax periods beginning after 12-31-78

In General: Corporations are allowed to carry a net operating loss deduction back for three years and forward for 15 years. Net operating losses generated after the effective date of a reorganization or merger cannot be carried back to a corporation that does not survive the reorganization except for “F” reorganizations under the Internal Revenue Code. Generally, an “F” reorganization is only a change in identity, form, or place of organization of one corporation.

15. I.R.C. Section 280(C) Wage Expense Deduction

Legal Citation: R.S. 47:287.73(C)

In General: A deduction is allowed for expenses that are disallowed under IRC 280C for wage and salary expense.

In computing federal adjusted gross income the taxpayer who is eligible for certain wage based credits has a federal election to either deduct the wage expenses or take more valuable federal income tax wage credit. Under I.R.C. 280C, if an employer elects to claim the credits, the employer must also reduce his or her federal deduction for wage and salary expense by the dollar amount of certain credits claimed. This deduction allows the taxpayer to reduce their federal adjusted gross income by the amount of the deduction that was disallowed for their salary or wage expenses for federal income tax purposes

16. Interest Income & Dividend Income Deduction

Legal Citation: R.S. 47:287.738(F)

Effective Date: Taxable periods beginning after December 31, 2005

In General: A deduction is allowed from gross income of an amount equal to interest and dividend income that is included on the federal income tax return.

17. Hurricane Recovery Benefits Deduction

Legal Citation: R.S. 47:287.738(G)

Effective Date: July 6, 2007 but is retroactive

In General: Corporations who received funds from a hurricane recovery entity and were required to include those funds on the federal income tax return are allowed a deduction for such funds. The deduction is for hurricane recovery benefits provided by the Road Home Corporation, the Louisiana Recovery Authority and the Louisiana Family Recovery Corps and is retroactive.

18. Federal Income Tax Deduction

Legal Citation: La. Const., Article VII, Part I, § 4(A) (West 2001); R.S. 47:55, 47:241, and 47:287.85; 47:300.6; 47:300.7

Effective Date: 1974

In General: A deduction is allowed for federal income taxes paid on income taxed by Louisiana.

Act 23 of the 2005 First Extraordinary Legislative Session amends R.S. 47:287.85(C)(2) to provide that the Louisiana federal income tax deduction is not to be reduced by the amount of any federal income tax credits determined to be disaster relief credits granted for the Hurricane Katrina or Hurricane Rita presidential disaster areas. Effective for all taxable periods beginning after December 31, 2004.

Corporation Franchise Tax Exemptions, Exclusions, and Deductions

Exemptions, Exclusions, and Deductions	Legal Citation	Page No.
1. Exemption for Agricultural Cooperative, Farmer Credit, and Farmers' Credit Cooperative Associations	R.S. 3:84	94
2. Exemption for Cooperative Marketing Associations	R.S. 3:147	94
3. Exemption for Credit Union	R.S. 6:662	94
4. Exemption for Limited Liability Companies	R.S. 9:3441-3447; R.S. 12:1301-1309	94
5. Exemption for Certain Foreign Corporations	R.S. 12:302(K); R.S. 12:302(L)	94
6. Exemption for Electric Cooperatives	R.S. 12:425	94
7. Exemption for Events, Activities, or Enterprises Conducted in Domed-stadium Facilities and Open Baseball Sites Owned and Operated by the State	R.S. 39:467	95
8. Exemption for Events, Activities, or Enterprises Conducted in Publicly-owned Facilities	R.S. 39:468	95
9. Exemption for Louisiana Infrastructure Bank	R.S. 51:3101-3105	95
10. Exemption for Certain Corporations	R.S. 47:608(1)(a)-(c); R.S. 47:608(2)-(15)	95
11. Exclusion for Certain Indebtedness of Vehicle, Boat, and Equipment Dealers	R.S. 47:603	96
12. Bank-holding Corporation Deduction	R.S. 47:602(B)	96
13. Public-utility Holding Corporation Deduction	R.S. 47:602(C)	96
14. Public Water Utility Company Deduction	R.S. 47:602(D)	97
15. Deduction for Members of Controlled Groups that Include a Telephone Corporation	R.S. 47:602(E)	97
16. Insurance Holding Corporation Deduction	R.S. 47:602(F)	97
17. Phase-out of Borrowed Capital	R.S. 47:602(A), R.S. 47:602(G), R.S. 47:603(A),and R.S. 47:605.1	97
18. Regulated Public Utility Company Deduction	R.S. 47:605(C); R.S. 47:606(E)	97

Corporation Franchise Tax Exemptions, Exclusions, and Deductions

1. Exemption for Agricultural Cooperative Associations and Farmer Credit and Farmers' Credit Cooperative Associations

Legal Citation: R.S. 3:84

Effective Date: July 1, 1938

In General: Qualifying cooperative associations are exempt from corporation franchise tax and all other license taxes, except for the annual $10 license fee paid to the Secretary of State and ad valorem property taxes.

2. Exemption for Cooperative Marketing Associations

Legal Citation: R.S. 3:147

Effective Date: July 1, 1922

In General: These associations are exempt from all franchise or other license taxes, except for taxes on real estate, furniture, and fixtures. But these associations must pay an annual $10 license fee to the Secretary of State.

3. Exemption for Credit Union

Legal Citation: R.S. 6:662

Effective Date: July 1, 1924

In General: Credit unions are exempt from all taxes except for taxes on immovable property owned.

4. Exemption for Limited Liability Companies

Legal Citation: R.S. 9:3441-3447; R.S. 12:1301-1309

Effective Date: July 7, 1992

In General: Limited liability companies are not subject to corporation franchise tax.

5. Exemption for Certain Foreign Corporations

Legal Citation: R.S. 12:302(K) and R.S. 12:302(L)

Effective Date: 1968

In General: Certain foreign corporations operating as mutual savings banks, mutual savings fund societies, real estate investment trusts, state banks or trust companies, insurance companies, corporations associated with real estate investment trust as its advisor, group insurance and annuity corporations, nonprofit or nontrading corporations are exempt from the corporation franchise tax.

6. Exemption for Electric Cooperatives

Legal Citation: R.S. 12:425

Effective Date: July 18, 1940

In General: Electric cooperatives are exempt from all income and excise taxes, except for a fee of $10 per each 100 persons or fraction thereof to whom electricity is supplied within the state.

7. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium Facilities

Legal Citation: R.S. 39:467

Effective Date: May 23, 1985

In General: Any events, activities, or enterprises conducted in certain domed-stadium facilities are exempt from all state and local taxes.

Act 391 of the 2005 Regular Legislative Session amended R.S. 39:467 to exempt these activities in any open baseball site owned operated by and for the state. Effective August 1, 2005.

8. Exemption for Events, Activities, or Enterprises, Conducted in Publicly-Owned Facilities

Legal Citation: R.S. 39:468

Effective Date: May 23, 1985

In General: Any events, activities, or enterprises conducted in certain publicly-owned facilities are exempt from all state taxes provided that the local taxing authority provides exemption from local taxes.

9. Exemption for Louisiana Infrastructure Bank

Legal Citation: R.S. 51:3101-3105

Effective Date: July 6, 2007

In General: Any bonds, notes, or other evidence of indebtedness issued or any Infrastructure Bank loan is exempt from corporation franchise tax.

10. Exemption for Certain Corporations

Legal Citation: R.S. 47:608(1)(a)-(c) and 47:608(2)-(15)

Effective Date: Various dates from 1958

In General: The following corporations are exempt from the corporation franchise tax:

1. Labor corporations and corporations organized by labor unions or organizations for the purpose of holding title to property;
2. Family agricultural and family horticultural corporations organized under the laws of and domiciled in the State of Louisiana;
3. Certain agricultural and horticultural corporations, other than family corporations organized under the laws of and domiciled in the State of Louisiana;
4. Mutual savings banks, national banking corporations, and banking corporations organized under the laws of the State of Louisiana, who pay a tax for their shareholders or whose shareholders pay a tax on their shares of stock under other laws of this state, and building and loan associations;
5. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to members or their dependents;
6. Cemetery companies owned and operated exclusively for the benefit of the members;
7. Any corporation, community chest, or fund, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals;
8. Business leagues, chambers of commerce, real estate boards, or boards of trade not organized for profit and no part of the net earnings benefits any private shareholder or individual;

9. Nonprofit civic leagues or organizations operated exclusively for charitable, educational, or recreational purposes;
10. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes;
11. Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses;
12. Insurance companies paying a premium tax under Title 22 of the Louisiana Revised Statutes of 1950;
13. Certain farmers, fruit growers, or like associations organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment;
14. Corporations organized by exempt farmers' cooperatives to finance crop operations of members;
15. Corporations organized for the exclusive purpose of holding title to property, collecting income there from, and turning over the entire amount thereof, less expenses, to organizations organized and operated exclusively for religious, charitable, scientific, literary, and educational purposes, no part of the net earnings benefits any private stock-holder;
16. Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the association members or their dependents;
17. Teachers' retirement fund associations of a purely local character, if no part of their net earnings (other than through payment of retirement benefits) benefits any private shareholder or individual, and if the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income from investments.

11. Exclusion for Certain Indebtedness of Vehicle, Boat, and Equipment Dealers

Legal Citation: R.S. 47:603

Effective Date: June 25, 2002

In General: Certain indebtedness of motor vehicle, manufactured homes, recreational vehicles, boat, motorcycle, motor home, or farm implement dealers is excluded from borrowed capital in computing corporation franchise tax. The loan agreement must be structured in such a way that the financing is secured by a specific identifiable unit and the loan is repaid as each unit is sold.

12. Bank-Holding Corporation Deduction

Legal Citation: R.S. 47:602(B)

Effective Date: Tax periods beginning after December 31,1970

In General: Bank-holding corporations are allowed a deduction from their taxable base for the portion of their assets used to finance the operation of the subsidiary bank.

13. Public-Utility Holding Corporation Deduction

Legal Citation: R.S. 47:602(C)

Effective Date: June 1973

In General: A deduction is allowed for public utility holding corporations registered under the Public Utility Holding Company Act of 1935. A corporation may deduct from its taxable base that portion of its assets used to finance the operation of its subsidiaries.

14. Public Water Utility Company Deduction

Legal Citation: R.S. 47:602(D)

Effective Date: Tax periods beginning on or after January 1, 1991

In General: Corporations with one or more subsidiary public water utility corporations are allowed to deduct from taxable capital the amount of its investments in and advances to these subsidiary corporations.

15. Deduction for Members of Controlled Groups That Include a Telephone Corporation

Legal Citation: R.S. 47:602(E)

Effective Date: Tax periods beginning on or after January 1, 1994

In General: Any corporation in a controlled group that has a telephone corporation regulated by the Louisiana Public Service Commission as a member is entitled to deduct from its capital stock, surplus, undivided profits, and borrowed capital, its investment in and advances to any member of the controlled group.

16. Insurance Holding Corporation Deduction

Legal Citation: R.S. 47:602(F)

Effective Date: Tax periods beginning after June 30, 2002, and ending before January 1, 2005

In General: A deduction is allowed for a corporation owning at least 80 percent of a property and casualty insurance corporation with capital and surplus of less than $20 million. A corporation may deduct from its taxable base the amount of its investments in and advances to such subsidiary that is allocated to Louisiana under R.S. 47:606(B).

17. Phase-Out of Borrowed Capital in Franchise Tax Base Deduction

Legal Citation: R.S. 47:602(A), R.S. 47:602(G), R.S. 47:603(A), and R.S. 47:605.1

Effective Date: Taxable periods beginning after December 31, 2005

In General: The amount of borrowed capital included in taxable capital will be reduced until fully phased out. The portion of debt included in the taxable base for calendar year taxpayers will be:

- 2007 income/2008 franchise tax return–58 percent of total debt included,
- 2008 income/2009 franchise tax return–44 percent of total debt included,
- 2009 income/2010 franchise tax return–30 percent of total debt included,
- 2010 income/2011 franchise tax return–16 percent of total debt included,
- 2011 income/2012 franchise tax return and after–no debt included.

Additional Information: Guidance for the proper classification of related party transactions (debt vs. equity) has been provided for in R.S. 47:605.1.

18. Regulated Public Utility Company Deduction

Legal Citation: R.S. 47:605(C) and R.S. 47:606(E)

Effective Date: Tax periods beginning on or after January 1, 1993

In General: Certain regulated public utility companies are allowed to deduct from surplus those accounts representing assets for which no money, service, or thing of value was paid by the utility companies except for the regulated service or product.

Inheritance Tax Exemptions and Exclusions

Exemptions and Exclusions	Legal Citation	Page No.
1. Exemption for Direct Descendants by Blood or Affinity	*R.S. 47:2402(1)	99
2. Exemption for Surviving Spouse	*R.S. 47:2402(1)(e)	99
3. Exemption for Collateral Relations; $1,000	*R.S. 47:2402(2)	99
4. Exemption for Strangers or Non-related Persons: $500	*R.S. 47:2402(3)	99
5. Exemption for Bequests to Charitable, Religious, or Educational Institutions in Louisiana	*R.S. 47:2402(4)	100
6. Exemption for Bequests to the State, Incorporated Municipalities, or Political Subdivisions for Exclusive Public Use	*R.S. 47:2402(5)	100
7. Exemption for Bequests to Out-of-state Charitable, Religious, or Educational Institutions	*R.S. 47:2402(6)	100
8. Exclusion for Proceeds of Life Insurance	*R.S. 47:2404(C)	100
9. Exclusion for Qualified Retirement or Pension Plans	*R.S. 47:2404(C)	100

**Acts 2007, No. 371 provided that no inheritance tax shall apply to deaths occurring after June 30, 2004. Act 371 further provided that all persons who paid inheritance taxes based upon a death which occurred after June 30, 2004 may claim a refund of those taxes between August 1, 2008 and December 31, 2009. These provisions are effective January 1, 2008.*

Inheritance Tax Exemptions and Exclusions

1. Exemption for Direct Descendants by Blood or Affinity*

Legal Citation: R.S. 47:2402(1)

Effective Date: January 1, 1984

In General: This exemption allows descendants by blood or affinity, ascendants, or surviving spouses (for death's prior to 1992) of a decedent to inherit an initial amount tax exempt. Based upon the time of death, the exemption is as follows:

Deaths in Calendar Year

1983 and prior years ....$5,000 each

1984 ....$10,000 each

1985 ....$15,000 each

1986 ....$20,000 each

1987 and thereafter ....$25,000 each

2. Exemption for Surviving Spouse*

Legal Citation: R.S. 47:2402(1)(e)

Effective Date: January 1, 1992

In General: This exemption allows the surviving spouse of a decedent who dies in 1992 or thereafter to inherit an unlimited amount tax-free. Although the exemption was passed in 1987, it did not become effective until 1992. The purpose of the exemption is to provide a total exemption for the property inherited by the surviving spouse of the deceased.

3. Exemption for Collateral Relations; $1,000*

Legal Citation: R.S. 47:2402(2)

Effective Date: November 19, 1921

In General: This exemption allows collateral relations, such as brothers, sisters brothers-in-law, sisters-in-law and their descendants to inherit up to $1,000 tax-free.

4. Exemption for Strangers or Non-related Persons; $500*

Legal Citation: R.S. 47:2402(3)

Effective Date: November 19, 1921

In General: This exemption allows persons and certain entities not related to a decedent to inherit up to $500 tax-free.

**Acts 2007, No. 371 provided that no inheritance tax shall apply to deaths occurring after June 30, 2004. Act 371 further provided that all persons who paid inheritance taxes based upon a death which occurred after June 30, 2004 may claim a refund of those taxes between August 1, 2008 and December 31, 2009. These provisions are effective January 1, 2008.*

5. Exemption for Bequests to Charitable, Religious, or Educational Institutions in Louisiana*

Legal Citation: R.S. 47:2402(4)

Effective Date: November 19, 1921

In General: This exemption allows legacies and donations to charitable, religious, and educational institutions located in Louisiana, to be exempt from inheritance tax.

6. Exemption for Bequests to the State, Incorporated Municipalities, or Political Subdivisions for Exclusive Public Use*

Legal Citation: R.S. 47:2402(5)

Effective Date: July 12, 1972

In General: This exemption allows legacies and donations to the State of Louisiana, incorporated municipalities, or political subdivisions, to be exempt from inheritance tax.

7. Exemption for Bequests to Out-of-state Charitable, Religious, or Educational Institutions*

Legal Citation: R.S. 47:2402(6)

Effective Date: July 12, 1974

In General: This exemption allows legacies and donations to charitable, religious, or educational institutions located in other states or territories of the United States, to be exempt from inheritance tax provided reciprocity exists between the State of Louisiana and the other state or territory.

8. Exclusion for Proceeds of Life Insurance*

Legal Citation: R.S. 47:2404(C)

Effective Date: July 18, 1968

In General: This exclusion allows the proceeds of life insurance payable to a named beneficiary, other than the estate of a decedent, to be excluded from inheritance tax.

9. Exclusion for Qualified Retirement or Pension Plans*

Legal Citation: R.S. 47:2404(C)

Effective Date: July 18, 1968; Amended June 8, 1992

In General: This exclusion allows the proceeds of a retirement or pension plan payable to a named beneficiary, other than the estate of the decedent, to be excluded from inheritance tax, if the plan is qualified under Sections 401 or 408 of the Internal Revenue Code.

**Acts 2007, No. 371 provided that no inheritance tax shall apply to deaths occurring after June 30, 2004. Act 371 further provided that all persons who paid inheritance taxes based upon a death which occurred after June 30, 2004 may claim a refund of those taxes between August 1, 2008 and December 31, 2009. These provisions are effective January 1, 2008.*

Gift Tax Exemptions and Exclusions

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**Acts 2007, No. 371 repealed gift tax effective for gifts made on or after July 1, 2008*

Gift Tax Exemptions and Exclusions

1. Specific Lifetime-Donor Exemption; $30,000

Legal Citation: R.S. 47:1205(B)*

Effective Date: July 12, 1972

In General: This exemption allows each donor to exempt up to $30,000 during his lifetime in computing the amount of any gift subject to the gift tax. A donor may claim the total, or any portion of the specific lifetime exemption in any calendar year, or spread it over many calendar years.

2. Exemption for Gifts made to Charitable, Religious or Educational Institutions located in Louisiana

Legal Citation: R.S. 47:1204(1)*

Effective Date: July 12, 1940

In General: This exemption allows gifts made exclusively to charitable, religious, or educational institutions located within Louisiana to be exempt and excluded from the gift tax, if no part of the net earnings benefits any private shareholder or individual.

3. Exemption for Gifts made to the United States, the State of Louisiana, or any Political Subdivisions or Civic Organization

Legal Citation: R.S. 47:1204(2)*

Effective Date: July 12, 1940

In General: This exemption allows gifts made to the United States, the State of Louisiana, or any political subdivision thereof, or civic organization to be exempt and excluded from the gift tax, if the donor does not benefit directly or indirectly by the gift.

4. Exemption for Gifts to Spouse

Legal Citation: R.S. 47:1204(3)*

Effective Date: July 2, 1987

In General: This exemption allows gifts made by a person to their spouse during the calendar year 1992 and thereafter to be exempt and excluded from the gift tax.

5. Annual Exclusion

Legal Citation: R.S. 47:1205(A)*

Effective Date: January 1, 2002

In General: This exclusion allows an amount equal to the federal annual exclusion to be excluded annually in computing the amount of gifts made to each donee in any calendar year.

For the period 1986 through 2001 the annual exclusion was $10,000 per donee.

**Acts 2007, No. 371 repealed gift tax effective for gifts made on or after July 1, 2008*

6. Exclusion for Gifts to START Accounts

Legal Citation: R.S. 47:1205(D)*

Effective Date: August 15, 2005

In General: This exclusion allows for contributions to START accounts to be treated as gifts and excluded from the gift tax. If the gifted contributions exceed the exclusion amount, the excess can be prorated over a five-year period for purposes of the gift tax exclusion.

**Acts 2007, No. 371 repealed gift tax effective for gifts made on or after July 1, 2008*